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**Our Vision:**
'Working together, to achieve community wellbeing, for today and tomorrow'

**Principal Place of Business:**
10 Almondbury Road
BOORAGOON WA 6154

## Notes to and forming part of the Financial Report:


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## STATEMENT OF COMPREHENSIVE INCOME
## BY NATURE OR TYPE
## FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2020-2021 Actual $ | 2020-2021 Budget $ | 2019-2020 Actual $ |
|---|---|---|---|---|
| **Revenue** | | | | |
| Rates | 20 | 81,392,990 | 80,655,524 | 90,792,911 |
| Operating Grants, Subsidies and Contributions | 2(a) | 5,193,364 | 4,284,884 | 4,811,165 |
| Fees And Charges | 2(b) | 15,850,280 | 12,259,039 | 14,782,651 |
| Service Charges | 2(c) | 1,941,262 | 2,031,024 | 5,719,697 |
| Interest Earnings | 2(d) | 1,881,395 | 1,834,028 | 4,456,949 |
| Other Revenue | | 3,284,544 | 781,472 | 3,352,466 |
| | | **109,543,835** | **101,845,971** | **123,915,839** |
| **Expenses** | | | | |
| Employee Costs | | (49,402,261) | (48,749,242) | (49,335,799) |
| Materials & Contracts | | (31,329,640) | (32,287,919) | (33,255,455) |
| Utilities | | (3,873,074) | (3,902,752) | (3,927,646) |
| Insurance | | (1,079,983) | (1,059,600) | (1,028,851) |
| Depreciation | 15(d) | (22,519,136) | (22,095,647) | (22,244,753) |
| Interest Expenses | 2(e) | (108,267) | (102,947) | (127,076) |
| Other Expenditure | | (906,643) | (1,431,488) | (5,528,849) |
| | | **(109,219,004)** | **(109,629,595)** | **(115,448,429)** |
| Non-Operating Grants, Subsidies and Contributions | 2(a) | 3,868,138 | 2,703,751 | 2,405,809 |
| Profit/(Loss) On Asset Disposals | 15(c) | (16,354) | 3,249 | (1,208,224) |
| Revaluation Of Investment Properties | 16 | 103,263 | - | - |
| Share of Net Profit/(Loss) of Equity Accounted Investment In Associates | 25(a) | 4,175,162 | - | 1,095,976 |
| Share of Net Profit/(Loss) of Equity Accounted Joint Arrangements | 25(b) | 879,115 | - | (146,464) |
| | | **9,009,324** | **2,707,000** | **2,147,097** |
| **Net Result For The Year** | | **9,334,156** | **(5,076,624)** | **10,614,508** |
| **Other Comprehensive Income** | | | | |
| *Items that will not be reclasssfied subsequently to profit or loss* | | | | |
| Changes On Revaluation Of Non-Current Assets | 18(a) | 10,113,383 | - | - |
| Revaluation Of Local Government House Unit Trust Holding | 18(a) | 9,346 | - | - |
| Share In Investment in Associate on Revaluation Of Non Current Assets | 18(a) | 142,038 | - | 1,949,571 |
| **Total Comprehensive Income** | | **10,264,767** | **-** | **1,949,571** |
| **Total Comprehensive Income For The Year** | | **19,598,923** | **(5,076,624)** | **12,564,079** |

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

## STATEMENT OF COMPREHENSIVE INCOME
## BY PROGRAM
## FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2020-2021 Actual $ | 2020-2021 Budget $ | 2019-2020 Actual $ |
|---|---|---|---|---|
| **Revenue** | | | | |
| Governance | | 15,884 | - | 31,849 |
| General Purpose Funding | | 86,562,068 | 85,718,866 | 98,837,652 |
| Law, Order, Public Safety | | 2,443,694 | 2,142,974 | 2,781,373 |
| Health | | 226,650 | 220,705 | 292,473 |
| Education & Welfare | | 231,013 | 261,483 | 254,532 |
| Housing | | 106,276 | 118,297 | 109,270 |
| Community Amenities | | 5,775,871 | 3,044,191 | 4,759,916 |
| Recreation and Culture | | 9,301,551 | 6,099,924 | 7,206,861 |
| Transport | | 1,383,313 | 1,274,490 | 1,659,429 |
| Economic Services | | 3,651,550 | 2,698,866 | 7,210,042 |
| Other Property and Services | | (154,035) | 266,175 | 772,442 |
| | | **109,543,835** | **101,845,971** | **123,915,839** |
| **Expenses** | | | | |
| Governance | | (5,309,534) | (5,432,408) | (5,223,408) |
| General Purpose Funding | | (1,188,006) | (1,058,198) | (936,328) |
| Law, Order, Public Safety | | (3,927,927) | (4,054,759) | (4,054,344) |
| Health | | (1,020,247) | (1,110,563) | (1,045,857) |
| Education & Welfare | | (1,738,443) | (2,044,462) | (2,883,194) |
| Housing | | (120,560) | (96,636) | (92,250) |
| Community Amenities | | (25,371,021) | (27,612,913) | (27,817,583) |
| Recreation and Culture | | (35,591,234) | (35,434,481) | (35,933,213) |
| Transport | | (19,163,767) | (18,911,822) | (18,716,889) |
| Economic Services | | (3,367,423) | (2,260,434) | (6,433,479) |
| Other Property and Services | | (12,312,574) | (11,509,972) | (12,184,807) |
| | | **(109,110,736)** | **(109,526,648)** | **(115,321,352)** |
| **Finance Costs** | | | | |
| Recreation and Culture | 2(e) | (108,267) | (102,947) | (127,076) |
| | | **(108,267)** | **(102,947)** | **(127,076)** |

## STATEMENT OF COMPREHENSIVE INCOME
## BY PROGRAM
## FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2020-2021 Actual $ | 2020-2021 Budget $ | 2019-2020 Actual $ |
|---|---|---|---|---|
| Non-Operating Grants, Subsidies and Contributions | 2(a) | 3,868,138 | 2,703,751 | 2,405,809 |
| Profit/(Loss) On Asset Disposals | 15(c) | (16,354) | 3,249 | (1,208,224) |
| Revaluation Of Investment Properties | 16 | 103,263 | - | - |
| Share of Net Profit/(Loss) of Equity Accounted Investment In Associates | 25(a) | 4,175,162 | - | 1,095,976 |
| Share of Net Profit/(Loss) of Equity Accounted Joint Arrangements | 25(b) | 879,115 | - | (146,464) |
| | | **9,009,324** | **2,707,000** | **2,147,097** |
| **Net Result For The Year** | | **9,334,156** | **(5,076,624)** | **10,614,508** |
| **Other Comprehensive Income** | | | | |
| *Items that will not be reclasssfied subsequently to profit or loss* | | | | |
| Changes On Revaluation Of Non-Current Assets | 18(a) | 10,113,383 | - | - |
| Revaluation Of Local Government House Unit Trust Holding | 18(a) | 9,346 | - | - |
| Share In Investment in Associate on Revaluation Of Non Current Assets | 18(a) | 142,038 | - | 1,949,571 |
| **Total Other Comprehensive Income** | | **10,264,767** | **-** | **1,949,571** |
| **Total Comprehensive Income For The Year** | | **19,598,923** | **(5,076,624)** | **12,564,079** |

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

## STATEMENT OF FINANCIAL POSITION
## AS AT 30 JUNE 2021

| | Note | 2020-2021 Actual $ | 2019-2020 Actual $ |
|---|---|---|---|
| **Current Assets** | | | |
| Cash & Cash Equivalents | 3 | 179,800,455 | 179,275,996 |
| Trade And Other Receivables | 7 | 11,618,683 | 14,823,143 |
| Other Financial Assets | 8 | 221,160 | 398,612 |
| Inventories | 9 | 133,352 | 128,627 |
| Contract Assets | 10 | - | 562,500 |
| Other Assets | 11 | 696,584 | 994,283 |
| **Total Current Assets** | | **192,470,234** | **196,183,161** |
| **Non Current Assets** | | | |
| Trade And Other Receivables | 7 | 2,211,633 | 2,301,814 |
| Other Financial Assets | 8 | 27,191,362 | 23,509,325 |
| Property, Plant & Equipment | 15(a) | 409,699,293 | 398,052,139 |
| Infrastructure | 15(b) | 412,629,451 | 403,800,155 |
| Investment Property | 16 | 62,751,581 | 62,634,219 |
| **Total Non Current Assets** | | **914,483,320** | **890,297,652** |
| **TOTAL ASSETS** | 6 | **1,106,953,554** | **1,086,480,813** |
| **Current Liabilities** | | | |
| Trade And Other Payables | 12 | 16,028,330 | 15,232,306 |
| Other Financial Liability | 17 | 1,360,540 | 2,320,941 |
| Contract Liabilities | 13 | 3,173,033 | 1,326,969 |
| Borrowings | 17 | 221,160 | 398,612 |
| Employee Related Provisions | 14(a) | 9,149,920 | 8,627,118 |
| **Total Current Liabilities** | | **29,932,983** | **27,905,946** |
| **Non Current Liabilities** | | | |
| Trade And Other Payables | 12 | 509,091 | 453,903 |
| Other Financial Liability | 17 | 2,281,505 | 2,673,553 |
| Borrowings | 17 | 1,518,729 | 1,739,889 |
| Employee Related Provisions | 14(a) | 766,900 | 799,600 |
| Other Provision | 14(b) | 4,213,000 | 4,213,000 |
| **Total Non Current Liabilities** | | **9,289,225** | **9,879,946** |
| **TOTAL LIABILITIES** | | **39,222,208** | **37,785,892** |
| **NET ASSETS** | | **1,067,731,346** | **1,048,694,921** |
| **Equity** | | | |
| Retained Surplus | | 334,699,519 | 317,352,530 |
| Reserves - Cash Backed | 18 | 160,028,169 | 168,603,501 |
| Revaluation Surplus | 18(a) | 573,003,658 | 562,738,890 |
| **TOTAL EQUITY** | | **1,067,731,346** | **1,048,694,921** |

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

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2020-2021 Actual | 2019-2020 Actual |
|---|---|---|---|
| | | $ | $ |
| **RESERVES CASH BACKED** | 18 | | |
| Balance at beginning of year | | 168,603,501 | 157,885,446 |
| Transfer from accumulated surplus | | (49,582,775) | (37,449,454) |
| Transfer to accumulated surplus | | 41,007,443 | 48,167,509 |
| **Balance at end of reporting period** | | **160,028,169** | **168,603,501** |
| **REVALUATION SURPLUS** | 18(a) | | |
| Balance at beginning of year | | 562,738,891 | 563,854,320 |
| Prior Year Adjustment | | - | 3,185,000 |
| **Restated balance at beginning of the year** | | **562,738,891** | **567,039,320** |
| Change in Accounting Policies | | - | (6,250,000) |
| Other comprehensive income | | 10,264,767 | 1,949,571 |
| **Balance at end of reporting period** | | **573,003,658** | **562,738,891** |
| **RETAINED SURPLUS** | | | |
| Balance at beginning of year | | 317,352,530 | 319,510,299 |
| Prior year restatement | | | - |
| Restated balance at beginning of year | | 317,352,530 | 319,510,299 |
| Effects of changes in accounting policy | | | (2,054,223) |
| Reclassification adjustment | | (562,500) | - |
| Comprehensive income: | | | |
| Net result for the period | | 9,334,156 | 10,614,508 |
| Other comprehensive income | | - | - |
| Total comprehensive income | | 8,771,656 | 10,614,508 |
| Transfer from reserves | | 49,582,776 | 37,449,455 |
| Transfer to reserves | | (41,007,443) | (48,167,509) |
| **Balance at end of reporting period** | | **334,699,519** | **317,352,530** |
| **TOTAL EQUITY** | | **1,067,731,346** | **1,048,694,922** |

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

## STATEMENT OF CASHFLOW
## FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2020-2021 Actual $ | 2020-2021 Budget $ | 2019-2020 Actual $ |
|---|---|---|---|---|
| **Cash Flows from Operating Activities** | | | | |
| **Receipts** | | | | |
| Rates | | 84,113,788 | 80,655,524 | 85,602,870 |
| Fees and Charges | | 16,248,184 | 15,562,818 | 14,172,170 |
| Service Charges | | 1,941,262 | 2,031,024 | 5,719,697 |
| Interest Received | | 1,881,395 | 1,792,541 | 4,456,949 |
| Operating Grants, Subsidies and Contributions | | 5,193,364 | 4,284,884 | 4,811,165 |
| Goods and Services Tax Received | | 6,668,303 | 350,000 | 5,409,709 |
| Other Revenue | | 6,015,941 | 741,472 | 3,102,550 |
| | | **122,062,237** | **105,418,263** | **123,275,110** |
| **Payments** | | | | |
| Employee Costs | | (49,275,488) | (48,395,817) | (47,806,216) |
| Materials and Contracts | | (29,840,735) | (31,699,341) | (31,387,590) |
| Utility Charges | | (3,873,074) | (3,902,753) | (3,927,646) |
| Insurance Paid | | (1,079,983) | (1,059,600) | (1,028,851) |
| Interest Expenses | | (108,267) | (102,947) | (127,076) |
| Goods and Services Tax Paid | | (6,420,773) | (350,000) | (5,793,938) |
| Other Expenditure | | (508,031) | (1,431,488) | (5,204,325) |
| | | **(91,106,351)** | **(86,941,946)** | **(95,275,642)** |
| **Net Cash Provided By (Used In) Operating Activities** | 4 | **30,955,886** | **18,476,317** | **27,999,469** |
| **Cash Flows from Investing Activities** | | | | |
| Proceeds From Sale Of Property, Plant & Equipment | 15(c) | 439,406 | 783,319 | 320,949 |
| Non-Operating Grants, Subsidies and Contributions | 2(a) | 3,868,138 | 2,703,751 | 2,405,809 |
| Payments for Purchase of Property, Plant and Equipment | 15(a) & 16 | (13,663,004) | (18,513,163) | (5,738,411) |
| Payments for Construction of Infrastructure Assets | 15(b) | (15,846,499) | (22,095,061) | (9,464,121) |
| Payments for Work In Progress | 15(b) | (3,842,559) | - | (6,942,688) |
| **Net Cash Provided By (Used In) Investing Activities** | | **(29,044,518)** | **(37,121,154)** | **(19,418,462)** |
| **Cash Flows from Financing Activities** | | | | |
| Repayment of Self-Supporting Loans | 17 | (398,612) | (398,613) | (324,523) |
| Repayment of SMRC Loan | | (1,352,449) | - | - |
| Recoup from Self-Supporting Loans | | 364,153 | 278,140 | 242,900 |
| **Net Cash Provided By (Used In) Financing Activities** | | **(1,386,908)** | **(120,473)** | **(81,623)** |
| **Net Increase / (Decrease) in Cash Held** | | **524,460** | **(18,765,310)** | **8,499,384** |
| **Cash and Cash Equivalents at Beginning of Year** | | **179,275,995** | **152,007,617** | **170,776,611** |
| **Cash and Cash Equivalents at the End of Year** | 3 | **179,800,455** | **133,242,307** | **179,275,995** |

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

## RATE SETTING STATEMENT
## BY NATURE OR TYPE
## FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2020-2021 Actual $ | 2020-2021 Budget $ | 2019-2020 Actual $ |
|---|---|---|---|---|
| **OPERATING ACTIVITIES** | | | | |
| Net Current Assets At Start Of Financial Year - Surplus/(Deficit) | 5(b) | 1,994,655 | - | 1,913,097 |
| **Revenue From Operating Activities (Excluding Rates)** | | | | |
| Operating Grants, Subsidies and Contributions | 2(a) | 5,193,364 | 4,284,884 | 4,811,165 |
| Fees And Charges | 2(b) | 15,850,280 | 12,259,039 | 14,782,651 |
| Service Charges | 2(c) | 1,941,262 | 2,031,024 | 5,719,697 |
| Interest Earnings | 2(d) | 1,881,395 | 1,834,028 | 4,456,949 |
| Other Revenue | | 4,307,327 | 784,721 | 3,109,566 |
| | | **29,173,628** | **21,193,696** | **32,880,028** |
| **Expenditure From Operating Activities** | | | | |
| Employee Costs | | (49,402,261) | (48,749,242) | (49,335,799) |
| Materials and Contracts | | (32,124,183) | (33,471,126) | (34,671,993) |
| Utility Charges | | (3,873,074) | (3,902,753) | (3,927,646) |
| Depreciation on Non-Current Assets | 15(d) | (22,519,136) | (21,602,201) | (22,244,753) |
| Interest Expenses | 2(e) | (108,267) | (102,947) | (127,076) |
| Insurance Expenses | | (1,079,983) | (1,059,600) | (1,028,851) |
| Other Expenditure | | (524,351) | (1,431,488) | (5,960,303) |
| | | **(109,631,255)** | **(110,319,357)** | **(117,296,421)** |
| **Operating Activities Excluded** | | | | |
| Non-Cash Amounts Excluded from Operating Activities | 5(a) | 23,334,406 | 22,288,713 | 23,923,182 |
| **Amount Attributable To Operating Activities** | | **(55,128,566)** | **(66,836,948)** | **(58,580,114)** |

## RATE SETTING STATEMENT
## BY NATURE OR TYPE
## FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2020-2021 Actual $ | 2020-2021 Budget $ | 2019-2020 Actual $ |
|---|---|---|---|---|
| **INVESTING ACTIVITIES** | | | | |
| Non-Operating Grants, Subsidies And Contributions | 2(a) | 3,868,138 | 2,703,751 | 2,405,809 |
| Proceeds From Disposal Of Assets | 15(c) | 439,406 | 783,319 | 320,949 |
| Purchase Of Property, Plant & Equipment | 15(a) & 16 | (13,663,004) | (18,513,163) | (5,738,411) |
| Purchase Of Infrastructure Assets Excluding Work In Progress | 15(b) | (15,846,499) | (22,095,061) | (9,464,121) |
| Movement In Work In Progress | 15(b) | (3,842,559) | - | (6,942,688) |
| **Investing Activities Excluded** | | | | |
| Non-Cash Amounts Excluded from Investing Activities | | - | - | - |
| **Amount Attributable To Investing Activities** | | **(29,044,518)** | **(37,121,154)** | **(19,418,462)** |
| **FINANCING ACTIVITIES** | | | | |
| Repayment of Self-Supporting Loans | 17 | (398,612) | (398,613) | (324,523) |
| Repayment of SMRC Loan | | (1,352,449) | - | - |
| Recoup from Self-Supporting Loans | | 364,508 | 278,140 | 242,900 |
| Funds To Be Set Aside | 18 | (39,637,183) | (30,463,446) | (44,681,033) |
| Funds To Be Set Aside Investment Earnings | 18 | (1,370,260) | (712,500) | (3,486,478) |
| Funds To Be Used | 18 | 49,582,776 | 54,598,996 | 37,449,454 |
| **Amount Attributable To Financing Activities** | | **7,188,780** | **23,302,577** | **(10,799,680)** |
| **Surplus/(Deficit) Before Imposition Of General Rates** | | **(76,984,304)** | **(80,655,524)** | **(88,798,256)** |
| **Total Amount Raised From General Rates** | 20 | **81,392,990** | **80,655,524** | **90,792,911** |
| **Surplus/(Deficit) After Imposition Of General Rates** | 5(b) | **4,408,686** | **-** | **1,994,655** |

**RATE SETTING STATEMENT**
**BY PROGRAM**
**FOR THE YEAR ENDED 30 JUNE 2021**

| | Note | *2020-2021 Actual $* | *2020-2021 Budget $* | *2019-2020 Actual $* |
|---|---|---|---|---|
| **OPERATING ACTIVITIES** | | | | |
| Net Current Assets At Start Of Financial Year - Surplus/(Deficit) | 5(b) | 1,994,655 | - | 1,913,097 |
| **Revenue From Operating Activities (Excluding Rates)** | | | | |
| Governance | | 15,884 | - | 31,849 |
| General Purpose Funding | | 5,169,078 | 5,063,342 | 8,044,741 |
| Law, Order, Public Safety | | 2,443,694 | 2,142,974 | 2,781,373 |
| Health | | 226,650 | 220,705 | 292,473 |
| Education & Welfare | | 231,014 | 261,483 | 254,532 |
| Housing | | 106,276 | 118,297 | 109,270 |
| Community Amenities | | 6,180,783 | 3,044,191 | 5,855,892 |
| Recreation and Culture | | 8,975,832 | 6,099,924 | 7,007,533 |
| Transport | | 1,383,313 | 1,274,490 | 1,659,429 |
| Economic Services | | 3,651,550 | 2,698,866 | 7,210,042 |
| Other Property and Services | | 789,554 | 269,424 | (367,106) |
| | | **29,173,628** | **21,193,696** | **32,880,028** |
| **Expenditure From Operating Activities** | | | | |
| Governance | | (5,309,534) | (5,432,408) | (5,223,408) |
| General Purpose Funding | | (1,188,006) | (1,058,198) | (936,328) |
| Law, Order, Public Safety | | (3,927,927) | (4,054,759) | (4,054,344) |
| Health | | (1,020,247) | (1,110,563) | (1,045,857) |
| Education & Welfare | | (1,738,443) | (2,044,462) | (2,883,194) |
| Housing | | (120,560) | (96,636) | (92,250) |
| Community Amenities | | (25,371,021) | (27,612,913) | (27,817,583) |
| Recreation and Culture | | (35,300,889) | (35,537,428) | (35,882,230) |
| Transport | | (19,163,767) | (18,911,822) | (18,716,888) |
| Economic Services | | (3,367,423) | (2,260,434) | (6,433,479) |
| Other Property and Services | | (13,123,438) | (12,199,733) | (14,210,860) |
| | | **(109,631,255)** | **(110,319,356)** | **(117,296,421)** |
| **Operating Activities Excluded** | | | | |
| Non-Cash Amounts Excluded from Operating Activities | 5(a) | 23,334,406 | 22,288,713 | 23,923,182 |
| **Amount Attributable To Operating Activities** | | **(55,128,566)** | **(66,836,947)** | **(58,580,114)** |

## RATE SETTING STATEMENT
## BY PROGRAM
## FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2020-2021 Actual $ | 2020-2021 Budget $ | 2019-2020 Actual $ |
|---|---|---|---|---|
| **INVESTING ACTIVITIES** | | | | |
| Non-Operating Grants, Subsidies And Contributions | 2(a) | 3,868,138 | 2,703,751 | 2,405,809 |
| Proceeds From Disposal Of Assets | 15(c) | 439,406 | 783,319 | 320,949 |
| Purchase Of Property, Plant & Equipment | 15(a) & 16 | (13,663,004) | (18,513,163) | (5,738,411) |
| Purchase Of Infrastructure Assets Excluding Work In Progress | 15(b) | (15,846,499) | (22,095,061) | (9,464,121) |
| Movement In Work In Progress | 15(b) | (3,842,559) | - | (6,942,688) |
| **Investing Activities Excluded** | | | | |
| Non-Cash Amounts Excluded from Investing Activities | | - | - | - |
| **Amount Attributable To Investing Activities** | | **(29,044,518)** | **(37,121,154)** | **(19,418,462)** |
| **FINANCING ACTIVITIES** | | | | |
| Repayment of Self-Supporting Loans | 17 | (398,612) | (398,614) | (324,523) |
| Repayment of SMRC Loan | | (1,352,449) | - | - |
| Recoup from Self-Supporting Loans | | 364,508 | 278,140 | 242,899 |
| Funds To Be Set Aside | 18 | (39,637,183) | (30,463,445) | (44,681,033) |
| Funds To Be Set Aside Investment Earnings | 18 | (1,370,260) | (712,500) | (3,486,477) |
| Funds To Be Used | 18 | 49,582,776 | 54,598,996 | 37,449,454 |
| **Amount Attributable To Financing Activities** | | **7,188,780** | **23,302,577** | **(10,799,680)** |
| **Surplus/(Deficit) Before Imposition Of General Rates** | | **(76,984,304)** | **(80,655,524)** | **(88,798,256)** |
| **Total Amount Raised From General Rates** | 20 | **81,392,990** | **80,655,524** | **90,792,911** |
| **Surplus/(Deficit) After Imposition Of General Rates** | 5(b) | **4,408,686** | **-** | **1,994,655** |

## NOTE 1: BASIS OF PREPARATION

### Basis of Preparation

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

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

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

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

### The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 19 to these financial statements.

### Initial Application of Accounting Standards

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

These were:

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

### New Accounting Standards For Application In Future Years

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

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

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

## NOTE 1: BASIS OF PREPARATION

### Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect 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.

## NOTE 2: REVENUE AND EXPENSES

### Revenue Recognition Policy

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

| Revenue Category | Nature of Goods and Services | When Obligations Typically Satisfied | Payment Terms | Returns/Refunds/ Warranties | Determination of Transaction Price | Allocating Transaction Price | Measuring Obligations for Returns | Timing of Revenue Recognition |
|---|---|---|---|---|---|---|---|---|
| Rates | General Rates | Over time | Payment dates adopted by Council during the year | None | Adopted by Council annually | When taxable event occurs | Not applicable | When rates are issued |
| Service charges | Charge for specific service | Over time | Payment dates adopted by Council during the year | Refund in event monies are unspent | Adopted by Council annually | When taxable event occurs | Not applicable | When rates are issued |
| Grant contracts with customers | Community events, minor facilities, research, design, planning evaluation and services | Over time | Fixed terms transfer of funds based on agreed milestones and reporting | Contract obligation if project not complete | Set by mutual agreement with the customer | Based on the progress of works to match performance obligations | Returns limited to repayment of transaction price of terms breached | Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared |
| Grants, subsidies or contributions for the construction of non-financial assets | Construction or acquisition of recognisable non-financial assets to be controlled y the Local Government | No obligations | Not applicable | Not applicable | Cash received | On receipt of funds | Not applicable | Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared |
| Fees and Charges - Licences/Registrations/ Approvals | Building, planning, development and animal management, having the same nature as a licence regardless of naming. | Single point in time | Full payment prior to issue | None | Set by State legislation or limited by legislation to the cost of provision | Based on timing of issue of the associated rights | No refunds | On payment and issue of the licence, registration or approval |
| Fees and Charges - Pool inspections | Compliance safety check | Single point in time | Equal proportion based on an equal annually fee | None | Set by State legislation | Apportioned equally across the inspection cycle | No refunds | After inspection complete based on a 4 year cycle |
| Fees and Charges - Other inspections | Regulatory food, health and safety | Single point in time | Full payment prior to inspection | None | Set by State legislation or limited by legislation to the cost of provision | Applied fully on timing of inspection | Not applicable | Revenue recognised after inspection event occurs |
| Fees and Charges - Waste management collections | Kerbside collection service | Over time | Payment on an annual basis in advance | None | Adopted by Council annually | Apportioned equally across the collection period | Not applicable | Provision of collection service |
| Fees and Charges - Property hire and entry | Use of halls and facilities | Single point in time | In full in advance | Refund if event cancelled within 7 days | Adopted by Council annually | Based on timing of entry to facility | Returns limited to repayment of transaction price | On entry or at conclusions of hire |
| Fees and Charges - Memberships | Gym and pool membership | Over time | Payment in full in advance | Refund for unused portion on application | Adopted by Council annually | Apportioned equally across the access period | Returns limited to repayment of transaction price | Output method over 12 months matched to access right |
| Fees and charges for other goods and services | Library fees, reinstatements and private works | Single point in time | Payment in full in advance | None | Adopted by Council annually | Applied fully based on timing of provision | Not applicable | Output method based on provision of service or completion of works |
| Other Revenue - Reimbursements | Insurance claims | Single point in time | Payment in arrears for claimable event | None | Set by mutual agreement with the customer | When claim is agreed | Not applicable | When claim is agreed |

## NOTE 2: REVENUE AND EXPENSES

### (a) Grants, Subsidies and Contributions

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

| | *2020-2021 Actual $* | *2020-2021 Budget $* | *2019-2020 Actual $* |
|---|---|---|---|
| **Operating Grants, Subsidies and Contributions** | | | |
| Governance | 30,426 | - | 1,597 |
| General Purpose Funding | 3,263,180 | 3,200,000 | 3,342,004 |
| Law, Order, Public Safety | 45,570 | 18,750 | 28,150 |
| Health | 2,273 | 20,000 | - |
| Education & Welfare | 176,136 | 183,820 | 175,252 |
| Community Amenities | 1,245,767 | 380,536 | 870,547 |
| Recreation and Culture | 221,349 | 231,518 | 200,627 |
| Transport | 191,665 | 228,760 | 172,989 |
| Economic Services | - | - | - |
| Other Property and Services | 17,000 | 21,500 | 20,000 |
| | **5,193,364** | **4,284,884** | **4,811,165** |
| **Non-Operating Grants, Subsidies and Contributions** | | | |
| Community Amenities | 469,537 | - | - |
| Recreation and Culture | 1,595,375 | - | 568,770 |
| Transport | 1,803,226 | 2,703,751 | 1,837,039 |
| | **3,868,138** | **2,703,751** | **2,405,809** |

## SIGNIFICANT ACCOUNTING POLICIES

### Grants, Subsidies And Contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

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

## NOTE 2: REVENUE AND EXPENSES

### (b) Fees and Charges

| Program | *2020-2021 Actual* $ | *2020-2021 Budget* $ | *2019-2020 Actual* $ |
|---|---|---|---|
| Governance | - | - | - |
| General Purpose Funding | 72,829 | 28,882 | 428,174 |
| Law, Order, Public Safety | 332,092 | 93,100 | 293,928 |
| Health | 214,281 | 200,705 | 288,156 |
| Education & Welfare | 22,576 | 49,267 | 43,138 |
| Housing | 100,602 | 111,279 | 102,689 |
| Community Amenities | 3,524,833 | 2,601,389 | 3,375,795 |
| Recreation and Culture | 7,443,221 | 5,509,274 | 6,030,414 |
| Transport | 904,847 | 899,730 | 1,144,545 |
| Economic Services | 3,108,000 | 2,656,412 | 2,942,958 |
| Other Property and Services | 126,998 | 109,000 | 132,853 |
| | **15,850,280** | **12,259,039** | **14,782,651** |

### SIGNIFICANT ACCOUNTING POLICIES

### Fees and Charges

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

## NOTE 2: REVENUE AND EXPENSES

### (c) Service Charges

| SERVICE CHARGES | *2020-2021 Actual $* | *2020-2021 Budget $* | *2019-2020 Actual $* |
|---|---|---|---|
| Community Security | 2,064,638 | 2,031,024 | 2,459,294 |
| Underground Power Projects | (123,376) | - | 3,260,403 |
| | **1,941,262** | **2,031,024** | **5,719,697** |

| **Community Security** | *2020-2021 Actual $* | *2020-2021 Budget $* | *2019-2020 Actual $* |
|---|---|---|---|
| **Operating Income** | | | |
| Call Out/Alarm Response Fees | 150 | 1,000 | 559 |
| City of Melville Security Patrol Fees | 2,064,488 | 2,030,024 | 2,458,735 |
| **Total Operating Income** | **2,064,638** | **2,031,024** | **2,459,294** |
| **Operating Expenditure** | | | |
| Employee Costs | (1,744,405) | (1,849,748) | (1,804,826) |
| Materials & Contracts | (44,957) | (47,237) | (39,831) |
| Insurance | - | (2,000) | - |
| Other Expenditure | (27,334) | (2,543) | (12,749) |
| Internal Charges | (532,277) | (543,124) | (554,563) |
| Internal Recovery | 31,004 | 23,145 | 49,801 |
| **Total Operating Expenditure** | **(2,317,970)** | **(2,421,507)** | **(2,362,168)** |
| **Net Community Security** | (253,332) | (390,483) | 97,127 |
| **Transfer From/(To) Community Security Reserve** | 253,332 | 390,483 | (97,127) |
| **Net - Surplus / (Deficit)** | - | - | - |

## NOTE 2: REVENUE AND EXPENSES

| Underground Power Projects | *2020-2021 Actual $* | *2020-2021 Budget $* | *2019-2020 Actual $* |
|---|---|---|---|
| **Operating Income** | | | |
| Ardross East Underground Power | - | - | - |
| Attadale North North Underground Power | 99 | - | - |
| Melville South Underground Power | (44,848) | - | 4,086 |
| Bicton North Underground Power | (87,894) | - | - |
| Melville North Underground Power | (1,067) | - | (339) |
| Alfred Cove East Underground Power | 10,334 | - | 3,256,656 |
| **Total Operating Income** | **(123,376)** | **-** | **3,260,403** |
| **Operating Expenditure** | | | |
| Ratepayer Refunds - Attadale North Underground Power | (97,646) | - | - |
| Ratepayer Refunds - Ardross East Underground Power | (12,211) | - | - |
| Western Power - Melville South Underground Power Cash Calls | 44,848 | - | - |
| Western Power - Bicton North Underground Power Cash Calls | 92,499 | - | - |
| Western Power - Kardinya South Underground Power Cash Calls | (550,000) | - | - |
| Western Power - Melville North Underground Power Cash Calls | - | - | (1,740,851) |
| Western Power - Alfred Cove East Underground Power Cash Calls | - | | (1,926,602) |
| **Total Operating Expenditure** | **(522,510)** | **-** | **(3,667,453)** |
| **Net Underground Power Projects** | **(645,886)** | **-** | **(407,050)** |
| **Transfer From/(To) Underground Power Projects Reserve** | 659,857 | - | 427,619 |
| **Net - Surplus / (Deficit)** | **13,971** | **-** | **20,569** |

## NOTE 2: REVENUE AND EXPENSES

| | *2020-2021 Actual $* | *2020-2021 Budget $* | *2019-2020 Actual $* |
|---|---|---|---|
| **Contracts with customers and transfers for recognisable non-financial assets** | | | |
| Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City was recognised during the year for the following nature or types of goods or services: | | | |
| Operating grants, subsidies and contributions | 5,193,364 | 4,284,884 | 4,811,165 |
| Fees and charges | 15,850,280 | 12,259,039 | 14,782,651 |
| Other revenue | 2,337,007 | 781,472 | 3,157,331 |
| Non-operating grants, subsidies and contributions | 3,868,138 | 2,703,751 | 2,405,809 |
| | **27,248,789** | **20,029,146** | **25,156,956** |
| Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City is comprised of: | | | |
| Contracts with customers included as a contract liability at the start of the period | 1,326,969 | - | 464,666 |
| Performance obligations satisfied in the previous year | (664,172) | - | - |
| Other revenue from contracts with customers recognised during the year | 16,860,318 | 12,259,039 | 17,475,316 |
| Transfers intended for acquiring or constructing recognisable non financial assets included as a contract liability at the start of the period | 2,167,983 | - | 1,114,109 |
| Other revenue from performance obligations satisfied during the year | 7,557,691 | 7,770,107 | 6,102,865 |
| | **27,248,789** | **20,029,146** | **25,156,956** |
| Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is: | | | |
| Trade and other receivables from contracts with customers | 13,816,754 | - | 17,124,957 |
| Contract assets | - | - | 562,500 |
| Contract liabilities from contracts with customers | (1,978,541) | - | (1,326,969) |
| Financial assets held from transfers for recognisable financial assets | 995,416 | - | 602,457 |
| Contract liabilities from transfers for recognisable non financial assets | (995,416) | - | (602,457) |

## NOTE 2: REVENUE AND EXPENSES

Contract assets primarily relate to the City's right to consideration for work completed but not billed at 30 June 2021.

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

Consideration from contracts with customers is included in the transaction price.

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

| | *2020-2021 Actual $* | *2020-2021 Budget $* | *2019-2020 Actual $* |
|---|---|---|---|
| **Revenue from statutory requirements** | | | |
| Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services: | | | |
| General rates | 81,392,990 | 80,655,524 | 90,792,911 |
| Service Charges | 1,941,262 | 2,031,024 | 5,719,697 |
| | **83,334,252** | **82,686,548** | **96,512,608** |
| **Assets and services acquired below fair value** | | | |
| Recognised volunteer services | **342,434** | **258,590** | **195,134** |

### (d) Interest Earnings

| | *2020-2021 Actual $* | *2020-2021 Budget $* | *2019-2020 Actual $* |
|---|---|---|---|
| **Interest Earnings** | | | |
| Reserve Funds | 1,370,260 | 1,425,000 | 3,486,477 |
| Other Funds | 148,954 | 75,000 | 196,879 |
| Other Interest Revenue | 362,181 | 334,028 | 773,592 |
| | **1,881,395** | **1,834,028** | **4,456,949** |

## NOTE 2: REVENUE AND EXPENSES

### (e) Charged as Expenses

| | *2020-2021 Actual $* | *2020-2021 Budget $* | *2019-2020 Actual $* |
|---|---|---|---|
| **Auditors Remuneration** | | | |
| Audit of the Annual Financial Report | 66,009 | 62,000 | 56,240 |
| Other Services | 10,600 | 840 | 5,023 |
| | **76,609** | **62,840** | **61,263** |
| **Finance costs** | | | |
| Interest on Self Supporting Loans | 108,267 | 102,947 | 127,076 |
| | **108,267** | **102,947** | **127,076** |

## SIGNIFICANT ACCOUNTING POLICIES

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

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

**Volunteer Services**
The City utilises volunteer services at the library and various community services.

Volunteer Services are generally not recognised as revenue as the fair value of the services cannot be reliably estimated. However, in the absence of volunteers, the City employs paid workers and therefore the fair value of the workers can be reliably measured and have been recognised within the financial report.

## NOTE 3: CASH AND CASH EQUIVALENTS

| | *2020-2021 Actual $* | *2019-2020 Actual $* |
|---|---|---|
| **Current Assets** | | |
| Cash on Hand | 6,050 | 6,350 |
| Cash at Bank (Includes 11am at call accounts) | 17,695,938 | 6,899,964 |
| Term Deposits | 162,098,466 | 172,369,681 |
| **Total Cash and Cash Equivalents** | **179,800,455** | **179,275,996** |

### Reconciliation of Cash

For the purpose of preparing 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:

| | *2020-2021 Actual $* | *2019-2020 Actual $* |
|---|---|---|
| Cash - Restricted Funds | 159,755,103 | 167,906,208 |
| Reserve Funds - Unspent Grants Restricted | 273,066 | 697,293 |
| Bonds and Deposits held - Restricted | 8,365,470 | 7,506,041 |
| Cash - Unrestricted Funds | 11,406,816 | 3,166,454 |
| **Cash and Cash Equivalents at the End of Year** | **179,800,455** | **179,275,996** |

## 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.

## RESTRICTED CASH

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

## NOTE 4: NOTES TO THE STATEMENT OF CASHFLOWS

### Reconciliation of Net Cash Provided by Operating Activities to Net Result

| | *2020-2021 Actual $* | *2019-2020 Actual $* |
|---|---|---|
| **Net Result** | **9,334,156** | **10,614,508** |
| **Non-Cash Flows In Net Result:** | | |
| Depreciation on Non-current Assets | 22,519,136 | 22,244,753 |
| (Profit) / Loss on Sale of Assets | 16,354 | 1,208,224 |
| Grants & Contributions for the Development of Assets | (3,868,138) | (2,405,809) |
| Adjustments to fair value of investment property | (103,263) | - |
| (Increase) / Decrease in Equity - Investment in Associates | (4,175,162) | (1,095,976) |
| (Increase) / Decrease in Equity - Joint Arrangements | (879,115) | 146,464 |
| **Changes in Assets & Liabilities** | | |
| (Increase)/Decrease in Accrued Income | (71,593) | 347,179 |
| Increase/(Decrease) in Accrued Expenses | (363,329) | 306,989 |
| Increase/(Decrease) in Accrued Income Payable | - | - |
| (Increase)/Decrease in Current Receivables | 3,487,610 | (5,438,315) |
| (Increase)/Decrease in Non-Current Receivables | 2,959,979 | (720,289) |
| (Increase)/Decrease in Contract Assets | - | - |
| Increase/(Decrease) in Current Creditors | (1,557,677) | 4,137,716 |
| Increase/(Decrease) in Non-Current Creditors | 1,027,791 | (901,531) |
| Increase/(Decrease) in Contract Liabilities | 1,846,064 | (1,289,754) |
| (Increase)/Decrease in Inventory | (4,725) | (23,089) |
| Increase/(Decrease) in Provision for Employee Entitlements | 490,102 | 1,222,594 |
| (Increase)/Decrease in Prepayments | 297,699 | (354,194) |
| **Net Cash Provided by Operating Activities** | **30,955,886** | **27,999,469** |

The City has no significant non-cash transactions.

## NOTE 5: RATE SETTING STATEMENT INFORMATION

| | Note | 2020-2021 Actual $ | 2020-2021 Budget $ | 2019-2020 Actual $ |
|---|---|---|---|---|
| **(a) Non-Cash Amounts Excluded From Operating Activities** | | | | |
| The following non-cash revenue or expenditure has been excluded from amounts attributable to operating actitivities within the Rate Setting Statement in accordance with *Financial Management Regulation 32*. | | | | |
| **Adjustments To Operating Activities** | | | | |
| Add (Profit)/Loss on asset disposals | | 16,354 | (3,249) | 1,208,224 |
| Add Depreciation on Assets | | 22,519,136 | 21,602,201 | 22,244,753 |
| Revaluation of Investment Properties | | (103,263) | - | - |
| Add Plant Investment Provision | | 789,510 | 689,761 | 964,292 |
| Net Movement of Deferred Pensioner Rates/ESL (non-current) | | 90,180 | - | (749,957) |
| Net Current Movement in Other Debtors/Creditors | | 55,188 | - | 160,030 |
| Movement in Employee Benefit Provisions (non-current) | | (32,700) | - | 95,839 |
| **Non-Cash Amounts Excluded from Operating Activities** | | **23,334,406** | **22,288,713** | **23,923,182** |
| **(b) Surplus/(Deficit)After Imposition Of General Rates** | | | | |
| The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates. | | | | |
| **Adjustments To Net Current Assets** | | | | |
| Less: Reserves - Restricted Cash | | (160,028,169) | (103,488,864) | (168,603,502) |
| **Total Adjustments To Net Current Assets** | | **(160,028,169)** | **(103,488,864)** | **(168,603,502)** |
| **Net Current Assets Used In the Rate Setting Statement** | | | | |
| Total Current Assets | | 192,470,234 | 171,144,984 | 196,183,161 |
| Less: Total Current Liabilities | | (29,932,983) | - | (27,905,946) |
| Add SMRC - Other Financial Liability | | 1,360,540 | - | 2,320,941 |
| Less: Reserves - Restricted Cash | | (160,028,169) | (103,488,864) | (168,603,502) |
| Less: Restricted Municipal | | 539,064 | (67,656,120) | - |
| **Net Current Assets Used In The Rate Setting Statement** | | **4,408,686** | **-** | **1,994,655** |

## NOTE 6: TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

| | *2020-2021 Actual $* | *2019-2020 Actual $* |
|---|---|---|
| Governance | 539,508,527 | 536,469,521 |
| Education & Welfare | 70,798 | - |
| Community Amenities | 106,271,378 | 95,299,931 |
| Health | 171,896 | - |
| Recreation and Culture | 83,739,565 | 75,116,611 |
| Economic Services | 7,955,963 | 7,825,069 |
| Other Property and Services | 369,235,427 | 371,769,680 |
| | **1,106,953,554** | **1,086,480,813** |
| | | |
| **Comprises:** | | |
| Total Current Assets | 192,470,235 | 196,183,161 |
| Total Non-Current Assets | 914,483,320 | 890,297,652 |
| | **1,106,953,554** | **1,086,480,813** |

## NOTE 7: TRADE RECEIVABLES

| | *2020-2021 Actual $* | *2019-2020 Actual $* |
|---|---|---|
| **Current** | | |
| Rates Outstanding | | |
| Rates Debtors | 5,096,796 | 6,912,476 |
| UGP Debtors | 293,564 | 764,617 |
| Refuse Debtors | 96,130 | 110,270 |
| FESA Levy Debtors | 1,005,372 | 1,355,123 |
| Pensioner Rebates | 2,822,097 | 2,802,090 |
| Sundry Debtors | 894,229 | 1,269,566 |
| Allowance for Expected Credit Loss | (370,398) | (347,831) |
| GST Receivable | 564,992 | 812,524 |
| Accrued Income | 1,215,901 | 1,144,308 |
| | **11,618,683** | **14,823,143** |
| | | |
| **Non-Current** | | |
| Rates Outstanding - Pensioners | 2,211,633 | 2,301,814 |
| | **2,211,633** | **2,301,814** |

## NOTE 7: TRADE RECEIVABLES

The provision for expected credit loss was measured using the historical data to estimate future expected collections. Historical data is likely to be far less reliable in the future economic environment and the City considered the impact in balances as at 30 June 2021 due to COVID-19 and other related risks in calculating credit loss.

In determining the recoverability of trade receivables, the City consider any changes in the credit quality of the trade receivable from the date credit was initially granted up until the reporting date. The concentration of credit risk is limited due to the customer base being large. Accordingly, management believes that there is no further credit provision required in excess of the expected credit loss of $370,398 in 2020-2021 in accordance with AASB 9 *Financial Instruments.*

### SIGNIFICANT ACCOUNTING POLICIES

### TRADE RECEIVABLES

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

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

### IMPAIRMENT AND RISK EXPOSURE

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 28.

### CLASSIFICATION AND SUBSEQUENT MEASUREMENT

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

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

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

## NOTE 8: OTHER FINANCIAL ASSETS

| | Note | 2020-2021 Actual $ | 2019-2020 Actual $ |
|---|---|---|---|
| **Current** | | | |
| Loans - Clubs and Community Groups At Amortised Cost | 17 | 221,160 | 398,612 |
| **Total Other Financial Assets - Current** | | **221,160** | **398,613** |
| **Non-Current** | | | |
| Loans - Clubs and Community Groups At Amortised Cost | 17 | 1,518,729 | 1,739,889 |
| Units (10) held in Local Government House At Fair Value Through Profit or Loss | | 184,517 | 175,171 |
| Equity - Share in Investment in Associates (SMRC) At Fair Value Through Profit or Loss | | 20,505,466 | 15,240,728 |
| Equity - Share in Joint Arrangement (Carawatha Revelopment Project) At Fair Value Through Profit or Loss | 25(b) | 4,982,651 | 6,353,536 |
| **Total Other Financial Assets - Non-Current** | | **27,191,362** | **23,509,325** |

### 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:

(a) The asset is held within a business model whose objective is to collect the contractual cashflows, and

(b) The contractual terms give rise to cash flows that are solely payments of principal and interest.

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

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

(a) Debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.

(b) 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 28.

## NOTE 9: INVENTORIES

| | 2020-2021 Actual $ | 2019-2020 Actual $ |
|---|---|---|
| **Current** | | |
| Inventories | | |
| Fuel and Materials at Cost | 133,352 | 128,627 |
| | **133,352** | **128,627** |

### SIGNIFICANT ACCOUNTING POLICIES

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.

## NOTE 10: CONTRACT ASSETS

| | *2020-2021 Actual $* | *2019-2020 Actual $* |
|---|---|---|
| **Current** | | |
| Synthetic Playing Surfaces Project | - | 562,500 |
| Less: Allowance for Impairment of Contract Assets | - | - |
| | - | 562,500 |

Contract assets relate to operating grants, subsidies and contributions to be received in relation to expenditure incurred for a future event hosted by the City. This amount has been recognised as revenue as the City has satisfied the relevant performance obligations in the contract.

The City has calculated the loss allowance to take into account the credit risk associated with the event being postponed or cancelled.

### SIGNIFICANT ACCOUNTING POLICIES

**Contract Assets**
Contract assets represent the City's right to consideration in exchange for goods or services the City has transferred to a customer when that right is conditional on something other than the passage of time. Contract assets represent jobs not invoiced in 2019-2020 which were paid in 2020-2021.

Once all the contractual obligations have been met, an invoice is raised, as the City has an unconditional right to receive consideration (only the passage of time is required before payment is due).

The City's performance obligations are part of a contract with an expected duration of one year or less.

As a result, the City has not disclosed the following:
(a) transaction price allocated to the remaining performance obligations; and
(b) an explanation of when the City expects to recognise revenue from satifying these performance obligations.

## NOTE 11: OTHER ASSETS

| | *2020-2021 Actual $* | *2019-2020 Actual $* |
|---|---|---|
| **Current** | | |
| Other Assets - Prepayments | 696,584 | 994,283 |
| | **696,584** | **994,283** |

## NOTE 12: TRADE AND OTHER PAYABLES

| | *2020-2021 Actual $* | *2019-2020 Actual $* |
|---|---|---|
| **Current** | | |
| Restricted Funds Creditor | | |
| - Footpaths | 7,114,494 | 5,908,195 |
| - Bonds and Deposits held | 1,226,063 | 1,580,525 |
| - Other | 24,913 | 17,321 |
| Non-Restricted Funds Creditor | 6,574,358 | 6,797,137 |
| Prepaid Rates | 615,308 | 13,697 |
| Amount Received in Advance | 52,714 | 78,908 |
| Accrued Salaries & Wages | 420,480 | 836,523 |
| | **16,028,330** | **15,232,306** |
| **Non-Current** | | |
| Creditors | 509,091 | 453,903 |
| | **509,091** | **453,903** |

## SIGNIFICANT ACCOUNTING POLICIES

### TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normaly paid with 30 days of recognition.

### PREPAID RATES

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

## NOTE 13: CONTRACT LIABILITIES

| | *2020-2021 Actual $* | *2019-2020 Actual $* |
|---|---|---|
| **Current** | | |
| Non-operating Grants, Subsidies and Contributions | 2,717,983 | 697,294 |
| Membership Fees - Leisure Fit Booragoon | 455,050 | 629,675 |
| | 3,173,033 | 1,326,969 |

**Reconciliation of Contract Liabilities**

| | *2020-2021 Actual $* | *2019-2020 Actual $* |
|---|---|---|
| Carrying Amount at 30 June | 1,326,969 | 1,578,775 |
| Add: Amounts received during the financial year | 2,510,236 | 766,612 |
| Less: Amounts recognised as revenue after satisfaction of performance obligations | (664,172) | (1,018,418) |
| **Carrying Amount at 30 June 2021** | 3,173,033 | 1,326,969 |

## SIGNIFICANT ACCOUNTING POLICIES

## CONTRACT LIABILITIES

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

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

## NOTE 14: EMPLOYEE RELATED PROVISIONS AND OTHER PROVISIONS

### (a) Employee Related Provisions

| | *2020-2021 Actual $* | *2019-2020 Actual $* |
|---|---|---|
| **Current** | | |
| Provision for Annual Leave | 4,507,915 | 4,160,392 |
| Provision for Long Service Leave | 4,642,005 | 4,466,726 |
| | **9,149,920** | **8,627,118** |
| **Non-Current** | | |
| Provision for Long Service Leave | 766,900 | 799,600 |
| | **766,900** | **799,600** |
| **Total Employee Related Provisions** | **9,916,820** | **9,426,718** |

| **Movement in Employee Related Provisions** | *Total 2020-2021 $* | *Provision for Annual Leave $* | *Provision for Long Service Leave $* |
|---|---|---|---|
| **Opening balance at 1 July 2020** | | | |
| Current Provisions | 8,627,118 | 4,160,392 | 4,466,726 |
| Non-Current provisions | 799,600 | - | 799,600 |
| | **9,426,718** | **4,160,392** | **5,266,326** |
| Additional Provision | 1,923,330 | 1,076,182 | 847,148 |
| Amounts Used | (1,441,536) | (738,580) | (702,956) |
| Increase in the discounted amount arising because of time and the effect of any change in the discounted rate | 8,307 | 9,920 | (1,613) |
| **Balance at 30 June 2021** | **9,916,820** | **4,507,915** | **5,408,905** |

| | **2021 $** | **2020 $** |
|---|---|---|
| **Amounts are expected to be settled on the following basis:** | | |
| Less than 12 months after the reporting date | 9,443,973 | 8,861,749 |
| More than 12 months from reporting date | 766,900 | 799,600 |
| Expected reimbursements from other WA local governments | (294,053) | (234,631) |
| | **9,916,820** | **9,426,718** |

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

## NOTE 14: EMPLOYEE RELATED PROVISIONS AND OTHER PROVISIONS

### SIGNIFICANT ACCOUNTING POLICIES

### EMPLOYEE BENEFITS

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.

#### 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 (undisccounted) amounts expected to be paid when the obligation is settled.

#### Other Long-Term Employee Benefits

Long- term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorparate 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 appoximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

#### Provisions

Provisions are recognised when the City has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

#### (b) Other Provisions

| | *2020-2021 Actual $* | *2019-2020 Actual $* |
|---|---|---|
| **Non-Current** | | |
| John Connell Reserve | 4,213,000 | 4,213,000 |
| | **4,213,000** | **4,213,000** |

## NOTE 14: EMPLOYEE RELATED PROVISIONS AND OTHER PROVISIONS

### Provision For Remediation Costs

The provision relates to the indicative costs for remediation of John Connell Reserve, a previous landfill site, of which the City has a legal obligation to restore the site. The amount is based on an assessment performed by an independent consultant of the indicative costs of the scope of works to satisfy the Department of Health and Department of Water and Environmental Regulation requirements. The assessment provided an indicative amount of $3.83 million and a further 10% charge has been included to reflect the costs of contingency items, given the stage of the project.

A provision for remediation is recognised when:

(a) There is a present obligation as a result of waste activities undertaken;
(b) It is probable that an outflow of economic benefits will be required to settle that obligation; and
(c) The amount of the provision can be measured reliably.

The provision of future remediation costs is the best estimate of the present value of the expenditure required to settle the remediation obligation at the reporting date. Future remediation costs are reviewed annually and any changes in the estimate are reflected in the present value of the remediation provision at each reporting date.

Amounts which are reliably expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of the payment of non-current obligation is unable to be reliably estimated as it is dependent as at the reporting date.

## NOTE 15: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE

### (a) PROPERTY, PLANT AND EQUIPMENT

**Movements in Carrying Amounts**

| | *Land - Freehold Land* | *Land - Vested* | *Buildings* | *Total Land and Buildings* | *Plant and Equipment* | *Electronic Equipment* | *Furniture and Fittings* | *Computer Equipment* | *Property Improvement* | *Fleet and Mobile Plant* | *Total Plant and Equipment* | *Artworks* | *Total Property, Plant and Equipment* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *$* | *$* | *$* | *$* | *$* | *$* | *$* | *$* | *$* | *$* | *$* | *$* | *$* |
| **Balance at 1 July 2019 (Restated)** | 237,325,943 | 6,250,000 | 134,323,696 | 377,899,639 | 13,127,373 | 116,090 | 1,103,129 | 870,614 | 5,023,000 | 9,264,497 | 29,504,703 | 3,707,255 | 411,111,598 |
| Changes in accounting policies | - | (6,250,000) | - | (6,250,000) | - | - | - | | - | - | - | - | (6,250,000) |
| Additions | - | - | 2,282,536 | 2,282,536 | 1,493,710 | - | 68,542 | 439,289 | 1,882 | 1,348,452 | 3,351,875 | 104,000 | 5,738,411 |
| (Disposals) | - | - | - 446,912 | (446,912) | - | - | (16,283) | (5,300) | - | (579,342) | (600,925) | - 9,000 | (1,056,837) |
| Revaluation increments / (decrements) transferred to revaluation surplus | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation (expense) | - | - | (6,919,536) | (6,919,536) | (2,027,752) | (64,288) | (201,576) | (483,596) | (437,129) | (1,357,155) | (4,571,496) | - | (11,491,032) |
| **Carrying amount at 30 June 2020** | **237,325,943** | **-** | **129,239,784** | **366,565,727** | **12,593,331** | **51,802** | **953,812** | **821,007** | **4,587,753** | **8,676,452** | **27,684,157** | **3,802,255** | **398,052,139** |
| **Comprises:** | | | | | | | | | | | | | |
| Gross carrying amount at 30 June 2020 | 237,325,943 | - | 249,317,330 | 486,643,273 | 34,711,281 | 434,390 | 3,188,565 | 4,679,903 | 6,633,122 | 12,631,654 | 62,278,915 | 3,802,255 | 552,724,443 |
| Accumulated Depreciation at 30 June 2020 | - | - | (120,077,546) | (120,077,546) | (22,117,950) | (382,588) | (2,234,753) | (3,858,897) | (2,045,369) | (3,955,202) | (34,594,759) | - | (154,672,303) |
| **Carrying amount at 30 June 2020** | **237,325,943** | **-** | **129,239,784** | **366,565,727** | **12,593,331** | **51,802** | **953,812** | **821,007** | **4,587,753** | **8,676,452** | **27,684,157** | **3,802,255** | **398,052,139** |
| Additions | - | - | 7,344,613 | 7,344,613.08 | 3,266,334 | 77,138 | 35,010 | 675,349 | 0 | 2,197,595 | 6,251,427 | 52,865 | 13,648,904 |
| (Disposals) | | | | - | | | (4,595) | (400) | | (440,765) | (445,760) | (10,000) | (455,760) |
| Revaluation increments / (decrements) transferred to revaluation surplus | | | 10,113,384 | 10,113,383.62 | | | | | | | - | | 10,113,384 |
| Depreciation (expense) | | | (6,958,633) | (6,958,633) | (2,080,812) | (35,708) | (181,210) | (578,972) | (416,935) | (1,407,104) | (4,700,740) | | (11,659,373) |
| **Carrying amount at 30 June 2021** | **237,325,943** | **0** | **139,739,148** | **377,065,091** | **13,778,853** | **93,232** | **803,018** | **916,985** | **4,170,818** | **9,026,178** | **28,789,084** | **3,845,120** | **409,699,293** |
| **Comprises:** | | | | | | | | | | | | | |
| Gross carrying amount at 30 June 2021 | 237,325,943 | 0 | 255,554,250 | 492,880,193 | 37,977,615 | 511,528 | 3,190,775 | 5,285,566 | 6,633,122 | 14,026,258 | 67,624,863 | 3,845,119 | 564,350,175 |
| Accumulated depreciation at 30 June 2021 | | | (115,815,102) | (115,815,102) | (24,198,762) | (418,296) | (2,387,757) | (4,368,581) | (2,462,304) | (5,000,080) | (38,835,780) | - | (154,650,882) |
| **Carrying amount at 30 June 2021** | **237,325,943** | **0** | **139,739,148** | **377,065,091** | **13,778,853** | **93,232** | **803,018** | **916,985** | **4,170,818** | **9,026,178** | **28,789,083** | **3,845,119** | **409,699,293** |

## NOTE 15: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE

### (b) INFRASTRUCTURE

**Movements in Carrying Amounts**

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

| | *Infrastructure - Roads* | *Infrastructure - Drains* | *Infrastructure - Footpaths* | *Infrastructure Parks* | *Infrastructure Street Furniture* | *Infrastructure Irrigation System* | *Total Infrastructure Excluding Work In Progress* | *Work In Progress* | *Total Infrastructure Including Work In Progress* |
|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Balance at 1 July 2019** | 189,880,005 | 135,794,203 | 47,219,135 | 7,116,153 | 1,087,644 | 4,315,747 | 385,412,888 | 12,619,025 | 398,031,912 |
| Additions | 6,528,911 | 667,574 | 820,902 | 646,746 | 103,756.00 | 696,232 | 9,464,121 | 6,942,688 | 16,406,809 |
| (Disposals) | - | - | - | - | - | - | - | - | - |
| Revaluation increments / (decrements) transferred to revaluation surplus | - | - | - | - | - | - | - | - | - |
| Depreciation (expense) | (5,407,331) | (2,175,252) | (1,401,069) | (731,502) | (45,373) | (878,040) | (10,638,567) | - | (10,638,567) |
| **Carrying amount at 30 June 2020** | **191,001,585** | **134,286,525** | **46,638,968** | **7,031,397** | **1,146,027** | **4,133,939** | **384,238,442** | **19,561,713** | **403,800,155** |
| **Comprises:** | | | | | | | | | |
| Gross carrying amount at 30 June 2020 | 347,341,398 | 284,420,792 | 79,453,131 | 12,796,460 | 2,431,117 | 21,190,600 | 747,633,498 | 19,561,713 | 767,195,211 |
| Accumulated Depreciation at 30 June 2020 | (156,339,813) | (150,134,267) | (32,814,163) | (5,765,063) | (1,285,090) | (17,056,661) | (363,395,057) | - | (363,395,057) |
| **Carrying amount at 30 June 2020** | **191,001,585** | **134,286,525** | **46,638,968** | **7,031,397** | **1,146,027** | **4,133,939** | **384,238,442** | **19,561,713** | **403,800,155** |
| Additions | 9,112,237 | 975,008 | 2,136,507 | 1,454,326 | 1,803,100 | 365,322 | 15,846,499 | 3,842,559 | 19,689,058 |
| (Disposals) | - | - | - | - | - | - | - | - | - |
| Revaluation increments / (decrements) transferred to revaluation surplus | - | - | - | - | - | - | - | - | - |
| Depreciation (expense) | (5,527,050) | (2,180,805) | (1,426,557) | (770,945) | (47,486) | (906,918) | (10,859,762) | - | (10,859,762) |
| **Carrying amount at 30 June 2021** | **194,586,772** | **133,080,727** | **47,348,918** | **7,714,778** | **2,901,641** | **3,592,342** | **389,225,179** | **23,404,272** | **412,629,451** |
| **Comprises:** | | | | | | | | | |
| Gross carrying amount at 30 June 2021 | 356,453,635 | 285,395,800 | 81,589,638 | 14,250,787 | 4,234,217 | 21,555,922 | 763,479,998 | 23,404,272 | 786,884,270 |
| Accumulated depreciation at 30 June 2021 | (161,866,863) | (152,315,072) | (34,240,720) | (6,536,008) | (1,332,576) | (17,963,579) | (374,254,819) | - | (374,254,819) |
| **Carrying amount at 30 June 2021** | **194,586,772** | **133,080,727** | **47,348,918** | **7,714,779** | **2,901,641** | **3,592,343** | **389,225,179** | **23,404,272** | **412,629,451** |

## NOTE 15: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE INCLUDING INVESTMENT PROPERTY

### (c) Disposal of Assets

| | Net Book Value | | Sales Proceeds | | Profit / (Loss) | | Net Book Value | | Sales Proceeds | | Profit / (Loss) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2020-2021 Actual $ | 2020-2021 Budget $ | 2020-2021 Actual $ | 2020-2021 Budget $ | 2020-2021 Actual $ | 2020-2021 Budget $ | 2019-2020 Actual $ | 2019-2020 Budget $ | 2019-2020 Actual $ | 2019-2020 Budget $ | 2019-2020 Actual $ | 2019-2020 Budget $ |
| Artwork | 10,000 | - | | - | (10,000) | - | 9,000 | - | - | - | (9,000) | - |
| Land & Building | | - | | - | - | - | 789,484 | - | - | - | (789,484) | - |
| Furniture & Fittings | 4,595 | - | 500 | 3,249 | (4,095) | 3,249 | 16,283 | - | 4,300 | 4,250 | (11,983) | 4,250 |
| Electronic Equipment | | - | | - | - | - | 5,300 | - | - | - | (5,300) | - |
| Computer Equipment | 400 | - | | - | (400) | - | - | - | - | - | - | - |
| Plant & Equipment | 440,765 | 780,070 | 438,906 | 780,070 | (1,859) | - | - | 431,250 | - | 431,250 | - | - |
| Property | | - | | - | - | - | - | - | - | - | - | - |
| Fleet and Mobile Plant | | - | | - | | - | 503,366 | - | 316,649 | - | (186,717) | - |
| Investment Land | | - | | - | | - | 6,705,740 | - | 6,500,000 | - | (205,740) | - |
| **Total** | **455,760** | **780,070** | **439,406** | **783,319** | **(16,354)** | **3,249** | **8,029,172** | **431,250** | **6,820,949** | **435,500** | **(1,208,224)** | **4,250** |

### (d) Depreciation

| | 2020-2021 Actual $ | 2020-2021 Budget $ | 2019-2020 Actual $ |
|---|---|---|---|
| Infrastructure | 10,859,762 | 10,594,738 | 10,818,138 |
| Building | 6,958,633 | 7,037,625 | 6,919,536 |
| Fleet and Mobile Plant | 1,407,104 | 2,000,000 | 1,357,155 |
| Plant & Equipment | 2,497,747 | 1,852,949 | 2,464,752 |
| Computer Equipment | 578,972 | 424,057 | 483,596 |
| Furniture & Fittings | 216,918 | 186,279 | 201,576 |
| **Total** | **22,519,136** | **22,095,647** | **22,244,753** |

### ( e) 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.

| Asset Class | 2020-2021 Actual $ | 2019-2020 Actual $ |
|---|---|---|
| Computers | 2,855,882 | 2,848,140 |
| Electronic | 141,340 | 141,340 |
| Furniture | 1,066,588 | 1,066,588 |
| Lighting | 193,400 | 193,400 |
| Other Improvements | 6,238,066 | 7,175,066 |
| Playground Equipment | 273,470 | 239,814 |
| Plant and Fleet | 4,153,364 | 3,943,374 |
| **Total** | **14,922,110** | **15,607,722** |

## NOTE 15: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE

### SIGNIFICANT ACCOUNTING POLICIES

**Fixed Assets**

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

**Initial recognition and measurement between mandatory revaluation dates**

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

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

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

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

**Revaluation**

The fair value of land, buildings and infrastructure is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the City. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A(2) which requires land, buildings, infrastructure and vested improvements to be shown at fair value.

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

**Land under roads from 1 July 2019**

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

The City has accounted for the removal of the vested land values associated with Melville Glades and Point Water golf courses by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

## NOTE 15: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE

### Vested improvements from 1 July 2019

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

### Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, vested land and Artworks, are depreciated on a straight - line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

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

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

### Depreciation rates

The depreciable amount of all fixed assets including buildings but excluding freehold land, vested land, and Artworks are depreciated on a straight - line basis over the estimated useful lives for the different asset classes for the current and prior years are included in the table below:

| Asset Class | Useful life |
|---|---|
| Buildings including Heritage Building | |
| - Sub Structure | 60 - 100 years |
| - Sub Structure - Only for Heritage Building | 60 - 400 years |
| - Super Structure | 25 - 80 years |
| - Roof | 20 - 60 years |
| - Floor Coverings | 15 - 30 years |
| - Fitout & Fittings | 15 - 40 years |
| - Services - Fire | 10 - 40 years |
| - Services - Security | 10 - 40 years |
| - Services - Electrical | 10 - 40 years |
| - Services - Hydraulic | 10 - 30 years |
| - Services - Mechanical | 10 - 30 years |
| - Services - Transport | 10 - 40 years |
| Plant and Equipment | 1 - 10 years |
| Computer/CCTV equipment | 3 - 5 years |
| Electronic equipment | 3 - 5 years |
| Furniture & fittings | 1 - 10 years |
| Fleet (All Vehicles and Plant) | 1 - 10 years |

## NOTE 15: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE

| | |
|---|---|
| Roads | |
| - Formation | Not Depreciated |
| - Base | 50 - 80 years |
| - Surface | 10 - 30 years |
| - Kerbing and Pavement | 60 - 70 years |
| Footpaths | 10 - 60 years |
| Stormwater Drainage | 40 - 80 years |
| | |
| Parks/POS | 5 years |
| Irrigation | 5 - 30 years |
| Jetties and Boardwalk | 50 - 100 years |
| Lighting | 10 - 15 years |

**Depreciation on revaluation**

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

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

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

## NOTE 15: PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE

### SIGNIFICANT ACCOUNTING POLICIES

| *Asset Class* | *Fair Value Hierarchy* | *Valuation Technique* | *Basis of Valuation* | *Date of last Valuation* | *Inputs used* |
|---|---|---|---|---|---|
| **Artworks** | | | | | |
| Artworks | 3 | Market approach | Independent registered valuer | June 2018 | Market valuation by Art Valuer |
| **Land and Buildings** | | | | | |
| Land - Freehold | 2 & 3 | Market approach using recent observable market data for similar properties / | Independent registered valuer | June 2018 | Price per hectare / market borrowing rate and income approach using discounted cash flow methodology |
| Land Vested in & Under City's Control | 3 | Replacement Cost | Independent registered valuer | June 2018 | Non-observables market evidence and valuation relies on significant assumptions |
| Buildings | 2 & 3 | Cost Approach | Independent registered valuer | June 2021 | Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount. |
| **Plant and Equipment** | | | | | |
| Plant and Equipment | 2 & 3 | Cost Approach/Market approach | Independent registered valuer | June 2019 | Make, size, year of manufacture, current condition , residual values and remaining useful life assessments. The amount that would be required to replace the service capacity of the assets |
| Electronic Equipment | 2 & 3 | Cost Approach/Market approach | Independent registered valuer | June 2019 | Make, size, year of manufacture, current condition , residual values and remaining useful life assessments. The amount that would be required to replace the service capacity of the assets |

## NOTE 15: PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE

### SIGNIFICANT ACCOUNTING POLICIES

| *Asset Class* | *Fair Value Hierarchy* | *Valuation Technique* | *Basis of Valuation* | *Date of last Valuation* | *Inputs used* |
|---|---|---|---|---|---|
| Furniture and Equipment | 2 & 3 | Cost Approach/Market approach | Independent registered valuer | June 2019 | Make, size, year of manufacture, costs and current condition , residual values and remaining useful life assessments inputs. The amount that would be required to replace the service capacity of the assets |
| Computer Equipment | 2 & 3 | Cost Approach/Market approach | Independent registered valuer | June 2019 | Make, size, year of manufacture, costs and current condition , residual values and remaining useful life assessments inputs. The amount that would be required to replace the service capacity of the assets |
| Mobile Plant | 2 | Market approach | Independent registered valuer | June 2019 | Make, size, year of manufacture, costs and current condition , residual values and remaining useful life assessments inputs. The amount that would be required to replace the service capacity of the assets |
| **Infrastructure** | | | | | |
| Infrastructure - Roads | 3 | Cost approach using depreciated replacement cost | Independent valuation | June 2019 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - Drains | 3 | Cost approach using depreciated replacement cost | Independent valuation | June 2019 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - Footpath | 3 | Cost approach using depreciated replacement cost | Independent valuation | June 2019 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |

## NOTE 15: PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE

### SIGNIFICANT ACCOUNTING POLICIES

| *Asset Class* | *Fair Value Hierarchy* | *Valuation Technique* | *Basis of Valuation* | *Date of last Valuation* | *Inputs used* |
|---|---|---|---|---|---|
| **Infrastructure - Other** | | | | | |
| Infrastructure - Parks | 3 | Cost approach using depreciated replacement cost | Independent valuation | June 2018 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - Street Furniture | 3 | Cost approach using depreciated replacement cost | Independent valuation | June 2018 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - Irrigation Systems | 3 | Cost approach using depreciated replacement cost | Independent valuation | June 2018 | Construction costs and current condition (Level 2), 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. 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.

## NOTE 16: INVESTMENT PROPERTY

### Non-Current Assets At Fair Value

| | *Investment Property -Land* $ | *Investment Property - Buildings* $ | *Total Investment Property* $ |
|---|---|---|---|
| **Balance at 1 July 2019** | 67,379,855 | 2,341,853 | 69,721,708 |
| Additions | - | - | - |
| (Disposals) | (6,705,740) | (266,595) | (6,972,335) |
| Revaluation increments / (decrements) transferred to profit/(loss) | - | - | - |
| Depreciation (expense) | - | (115,154) | (115,154) |
| **Carrying Amount At 30 June 2020** | **60,674,115** | **1,960,104** | **62,634,219** |
| Additions | - | 14,099 | 14,099 |
| (Disposals) | - | - | - |
| Revaluation increments / (decrements) transferred to profit/(loss) | - | 103,263 | 103,263 |
| Depreciation (expense) | - | - | - |
| **Carrying amount at 30 June 2021** | **60,674,115** | **2,077,466** | **62,751,581** |

### Amount Recognised In The Profit Or Loss For Investment Properties

| | *2020-2021 Actual* $ | *2019-2020 Actual* $ |
|---|---|---|
| Rental Income | 173,631 | 149,306 |
| Direct Operating expenses from property that generated rental income | (10,567) | (21,955) |
| Fair Value gain recognised in other income | - | - |
| Net rental income | **163,065** | **127,351** |

**Leasing Arrangements**

Investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

| | | |
|---|---|---|
| Within one year | 173,631 | 149,305 |
| Later than one year but not later than 5 years | 933,267 | 866,255 |
| Later than 5 years | 451,187 | 410,170 |
| | **1,558,085** | **1,425,730** |

## NOTE 16: INVESTMENT PROPERTY

### SIGNIFICANT ACCOUNTING POLICIES

| *Asset Class* | *Fair Value Hierarchy* | *Valuation Technique* | *Basis of Valuation* | *Date of last Valuation* | *Inputs used* |
|---|---|---|---|---|---|
| **Investment Property** | | | | | |
| Land - Freehold | 2 | Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology | Internal Management Review | June 2018 | Price per hectare / market borrowing rate |
| Buildings | 2 | Cost Approach | Independent registered valuer | June 2021 | Observable Market Evidence, construction costs and current condition , residual values and remaining useful life assessments. |

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. 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.

### SIGNIFICANT ACCOUNTING POLICIES

Investment properties are properties held for long-term rental yields and not occupied by the City and earn rentals and/or for capital appreciation, and are accounted for using the fair value model changes in the fair values are presented in profit or loss as a part of other revenue.

Investment properties are recorded at cost determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. They will be subject to revaluation in accordance with the mandatory measurement framework. Revaluation of investment properties are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property. Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in the Statement of Comprehensive Income.

Rental income and operating expenses from investment property are reported within revenue and other expenses respectively.

## NOTE 17: INFORMATION ON BORROWINGS AND OTHER FINANCIAL LIABILITY

| | *2020-2021 Actual $* | *2019-2020 Actual $* |
|---|---|---|
| **Other Financial Liability** | | |
| **Current** | | |
| Share of SMRC Loan Liability | 1,360,540 | 2,320,941 |
| | **1,360,540** | **2,320,941** |
| **Non-Current** | | |
| Share of SMRC Loan Liability | 2,281,505 | 2,673,553 |
| | **2,281,505** | **2,673,553** |
| **Total Share of SMRC Loan Liability** | **3,642,045** | **4,994,494** |
| **Borrowings** | | |
| **Current** | | |
| Recreation and Culture | | |
| Self Supporting Loans | 221,160 | 398,612 |
| | **221,160** | **398,612** |
| **Non-Current** | | |
| Recreation and Culture | | |
| Self Supporting Loans | 1,518,729 | 1,739,889 |
| | **1,518,729** | **1,739,889** |
| **Total Borrowings in Self Supporting Loans** | **1,739,889** | **2,138,501** |

## NOTE 17: INFORMATION ON BORROWINGS AND OTHER FINANCIAL LIABILITY

### Details of Borrowings

| Program / Sporting Body | Loan No | Principal 1 July 2020 | (Loans Discharged) New Loans | Interest | | Principal Repayments | | Principal 30 June 2021 | Current | Non-Current |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Budget | Actual | Budget | Actual | | | |
| | | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Recreation and Culture** | | | | | | | | | | |
| Melville Glades Golf Club | 382 | 188,030 | - | 11,632 | 7,047 | 188,030 | 188,030 | - | - | - |
| Leeming Sport Association | 398 | 59,457 | - | 3,363 | 3,396 | 18,616 | 18,616 | 40,841 | 19,794 | 21,047 |
| Tompkins Park Community and Recreational Ass | 399 | 252,597 | - | 14,754 | 16,522 | 20,452 | 20,453 | 232,144 | 21,690 | 210,455 |
| Bull Creek Tennis Club | 406 | 34,897 | - | 1,859 | 2,091 | 5,570 | 5,570 | 29,327 | 5,892 | 23,435 |
| Melville Glades Golf Club | 411 | 938,149 | - | 54,995 | 58,995 | 87,514 | 87,514 | 850,635 | 92,844 | 757,791 |
| Mt Pleasant Bowling Club | 413 | 85,895 | - | 2,950 | 3,187 | 33,391 | 33,391 | 52,504 | 34,672 | 17,832 |
| Bull Gum Tennis Club | 414 | 37,221 | - | 1,278 | 1,381 | 14,470 | 14,469 | 22,752 | 15,025 | 7,727 |
| Brentwood Karoonda Sporting Association | 415 | 173,312 | - | 5,430 | 6,475 | 8,150 | 8,149 | 165,163 | 8,410 | 156,753 |
| Windelya Sports Association Incorporation | 416 | 368,943 | - | 6,686 | 9,174 | 22,420 | 22,420 | 346,523 | 22,834 | 323,689 |
| | | **2,138,501** | **-** | **102,947** | **108,267** | **398,613** | **398,612** | **1,739,889** | **221,160** | **1,518,729** |

The City has borrowings that are entered into to support clubs and associations in the upgrade of their facilities. All loan repayments are negotiated by the City with the WA Treasury Corporation. The loan repayments are paid by the City and then recouped from the respective clubs and associations in accordance with the signed agreements and repayment schedules. As per council resolution CD20/8140, the requirement for the Mt Pleasant Bowling Club to repay the outstanding amount of the loan has been rescinded in full in lieu of the reduced leased area for the Club to facilitate a public park. A total amount of self supporting loans of $38,889 has been waived for not for profits and sporting associations under the COVID-19 Melville Community Stimulus Package in the financial year 2020-2021.

The City's share of loan liability to the South Metropolitan Regional Council (SMRC) has been recognised as financial liability in 2019-2020 of $4,994,494 and 2020-2021 of $3,642,045. Refer to Note 25 Investment in Associates using Equity Method for more details.

## NOTE 17: INFORMATION ON BORROWINGS AND OTHER FINANCIAL LIABILITY

New Borrowings

There are no new borrowings in 2020-2021.

### Unspent Borrowings

The City has no unspent borrowings on self-supporting loans as at 30th June 2021.

## SIGNIFICANT ACCOUNT POLICIES

### Financial Liabilities

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

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

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

### Borrowing Costs

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

### Risks

Information regarding exposure to risk can be found at Note 28.

## NOTE 18: RESERVES - CASH BACKED

| | *2020-2021 Actual $* | *2020-2021 Budget $* | *2019-2020 Actual $* |
|---|---|---|---|
| **Ardross East UGP & Streetscape Enhancement Reserve** | | | |
| *To be used for underground power projects and streetscape enhancements in the Ardross East Underground Power project area.* | | | |
| Opening Balance | 12,212 | - | 11,950 |
| Funds Set Aside | - | - | - |
| Funds Set Aside - Investment Earnings | - | - | 262 |
| Funds Used | (12,212) | - | - |
| Closing Balance | **-** | **-** | **12,212** |
| **Attadale North Underground Power & Streetscape Enhancement Reserve** | | | |
| *To be used for underground power projects and streetscape enhancements in the Attadale North Underground Power project area.* | | | |
| Opening Balance | 97,646 | - | 95,554 |
| Funds Set Aside | - | - | - |
| Funds Set Aside - Investment Earnings | - | - | 2,092 |
| Funds Used | (97,646) | - | - |
| Closing Balance | **-** | **-** | **97,646** |
| **Melville North Underground Power & Streetscape Enhancement Reserve** | | | |
| *To be used for underground power projects and streetscape enhancements in the Melville North Underground Power project area.* | | | |
| Opening Balance | 55,325 | 64,616 | 1,776,344 |
| Funds Set Aside | - | - | - |
| Funds Set Aside - Investment Earnings | - | - | 19,832 |
| Funds Used | - | - | (1,740,851) |
| Closing Balance | **55,325** | **64,616** | **55,325** |
| **Melville South Underground Power & Streetscape Enhancement Reserve** | | | |
| *To be used for underground power projects and streetscape enhancements in the Melville South Underground Power project area.* | | | |
| Opening Balance | 2,959 | 2,896 | 2,896 |
| Funds Set Aside | - | - | - |
| Funds Set Aside - Investment Earnings | - | - | 63 |
| Funds Used | - | - | - |
| Closing Balance | **2,959** | **2,896** | **2,959** |

## NOTE 18: RESERVES - CASH BACKED

| | *2020-2021 Actual $* | *2020-2021 Budget $* | *2019-2020 Actual $* |
|---|---|---|---|
| **Civic Centre Precinct Improvements Reserve** | | | |
| *To be used for improvements to the buildings and associated landscaping and car parking located within the Civic Centre Precinct (Melville City Centre).* | | | |
| Opening Balance | 6,314 | 6,334 | 6,179 |
| Funds Set Aside | - | - | - |
| Funds Set Aside - Investment Earnings | - | 33 | 135 |
| Funds Used | - | - | - |
| Closing Balance | **6,314** | **6,367** | **6,314** |
| **Commercial Refuse Reserve** | | | |
| *To be used for the acquisition and replacement of commercial refuse bins, vehicles, and plant and equipment used for commercial waste operations and the development of commercial waste collection opportunities.* | | | |
| Opening Balance | 4,110,499 | 3,797,371 | 3,752,705 |
| Funds Set Aside | 298,309 | 329,443 | 284,020 |
| Funds Set Aside - Investment Earnings | - | 21,519 | 85,139 |
| Funds Used | - | - | (11,365) |
| Closing Balance | **4,408,808** | **4,148,333** | **4,110,499** |
| **Community Facilities Reserve** | | | |
| *To be used for the provision of new, renewed or upgraded community facilities/buildings.* | | | |
| Opening Balance | 22,332,421 | 14,937,455 | 22,844,502 |
| Funds Set Aside | 5,589,800 | 3,474,043 | 3,273,952 |
| Funds Set Aside - Investment Earnings | 432,433 | 73,747 | 489,152 |
| Funds Used | (6,041,121) | (6,192,741) | (4,275,185) |
| Closing Balance | **22,313,533** | **12,292,504** | **22,332,421** |
| **Community Centre Fitout, Furniture and Equipment Reserve** | | | |
| *To be used to fund the acquisition and replacement of the fitouts, furniture and specialised equipment requirements for Community Centres.* | | | |
| Opening Balance | 5,674 | 5,164 | - |
| Funds Set Aside | 21,000 | 21,000 | 20,000 |
| Funds Set Aside - Investment Earnings | - | 37 | 61 |
| Funds Used | (2,307) | (17,600) | (14,387) |
| Closing Balance | **24,367** | **8,601** | **5,674** |

## NOTE 18: RESERVES - CASH BACKED

| | *2020-2021 Actual $* | *2020-2021 Budget $* | *2019-2020 Actual $* |
|---|---|---|---|
| **Community Surveillance and Security Reserve** | | | |
| *To temporarily retain any surpluses that may arise from the Property Surveillance and Security Service Charge to be used to offset future years Property Surveillance and Security Service Charges or for the purchase of plant and equipment used for community surveillance and security services.* | | | |
| Opening Balance | 786,497 | 679,206 | 673,562 |
| Funds Set Aside | - | - | 108,945 |
| Funds Set Aside - Investment Earnings | - | 2,629 | 15,809 |
| Funds Used | (253,332) | (390,483) | (11,819) |
| Closing Balance | **533,165** | **291,352** | **786,497** |
| **Fleet Services Vehicles, Plant and Equipment Replacement Reserve** | | | |
| *To be used to fund the purchase of replacement vehicles, plant and equipment.* | | | |
| Opening Balance | 11,129,361 | 8,406,637 | 9,854,837 |
| Funds Set Aside | 2,000,000 | 1,500,000 | 2,000,000 |
| Funds Set Aside - Investment Earnings | - | 43,651 | 227,206 |
| Funds Used | (1,737,491) | (2,239,324) | (952,682) |
| Closing Balance | **11,391,870** | **7,710,964** | **11,129,361** |
| **Funds in lieu of Development on Public Open Space Reserve** | | | |
| *Maintained for the purpose of retaining and using funds in accordance with section 154(2) of the Planning and Development Act 2005.* | | | |
| Opening Balance | - | - | - |
| Funds Set Aside | 33,013 | - | - |
| Funds Set Aside - Investment Earnings | - | - | - |
| Funds Used | - | - | - |
| Closing Balance | **33,013** | **-** | **-** |
| **New / Upgrade Works Reserve (Previously Future Works Reserve)** | | | |
| *To be used to fund the "New" and "Upgrade" components of the costs of Infrastructure Capital Works and Buildings as opposed to renewal of existing assets as per Asset Management Plans.* | | | |
| Opening Balance | 11,369,518 | 5,698,662 | 3,124,212 |
| Funds Set Aside | 8,922,189 | 8,109,771 | 12,116,649 |
| Funds Set Aside - Investment Earnings | 170,885 | 24,444 | 156,931 |
| Funds Used | (9,302,819) | (10,506,073) | (4,028,274) |
| Closing Balance | **11,159,773** | **3,326,804** | **11,369,518** |

## NOTE 18: RESERVES - CASH BACKED

| | *2020-2021 Actual $* | *2020-2021 Budget $* | *2019-2020 Actual $* |
|---|---|---|---|
| **Information Technology Reserve** | | | |
| *To be used to fund the acquisition and replacement of computer software and information technology hardware.* | | | |
| Opening Balance | 2,529,356 | 2,208,462 | 2,487,163 |
| Funds Set Aside | 1,405,820 | 1,405,820 | 724,295 |
| Funds Set Aside - Investment Earnings | - | 13,211 | 54,316 |
| Funds Used | (974,683) | (958,048) | (736,418) |
| Closing Balance | **2,960,493** | **2,669,445** | **2,529,356** |
| **Infrastructure Asset Management Reserve** | | | |
| *To be used to fund infrastructure asset management projects including the construction, maintenance and renewal of the City of Melville's road, path, kerbing, street furniture, park structures, playground, irrigation/reticulation and drainage infrastructure assets.* | | | |
| Opening Balance | 38,328,048 | 32,770,600 | 32,809,757 |
| Funds Set Aside | 12,934,284 | 12,707,611 | 13,801,600 |
| Funds Set Aside - Investment Earnings | 670,669 | 167,282 | 770,244 |
| Funds Used | (13,581,478) | (16,649,808) | (9,053,553) |
| Closing Balance | **38,351,523** | **28,995,685** | **38,328,048** |
| **Land and Property Reserve** | | | |
| *To be used to:*<br>*a) fund the acquisition or construction of commercial revenue earning land and or buildings, or*<br>*b) fund the acquisition of land and buildings in structure plan areas to help encourage the redevelopment of those structure plan areas by assembling developable land parcels and fund with Council approval, infrastructure and other developments in line with structure plan principles; or*<br>*c) internally fund the purchase or construction of City of Melville community facilities or infrastructure assets, on the basis that those funds will be returned to the Land and Property Reserve over a predetermined period of time with interest, with the interest rate being set at what would have been charged by the Western Australian Treasury Corporation for the term of the borrowing using the Semi Annual Annuity interest rate.* | | | |
| Opening Balance | 38,994,718 | 38,355,023 | 35,590,075 |
| Funds Set Aside | - | - | 2,930,364 |
| Funds Set Aside - Investment Earnings | - | 205,352 | 807,566 |
| Funds Used | (255,534) | (1,092,354) | (333,287) |
| Closing Balance | **38,739,184** | **37,468,021** | **38,994,718** |

## NOTE 18: RESERVES - CASH BACKED

| | *2020-2021 Actual* $ | *2020-2021 Budget* $ | *2019-2020 Actual* $ |
|---|---|---|---|
| **Leave Entitlements Reserve** | | | |
| *To be used to fund the non-current liability amount of annual, sick and long service leave entitlements accrued in previous financial years beyond the amount provided for in the Provision for Leave current liability account.* | | | |
| Opening Balance | 2,798,153 | 2,795,775 | 2,738,208 |
| Funds Set Aside | - | - | - |
| Funds Set Aside - Investment Earnings | - | 15,185 | 59,945 |
| Funds Used | - | - | - |
| Closing Balance | **2,798,153** | **2,810,960** | **2,798,153** |
| **Library, Museums & Arts Equipment & Specialised Fitout Reserve** | | | |
| *To be used to fund the acquisition and replacement of the fit outs, furniture and specialised equipment for art centres, museums and libraries.* | | | |
| Opening Balance | 188,040 | 49,473 | 110,846 |
| Funds Set Aside | 130,000 | 130,000 | 101,300 |
| Funds Set Aside - Investment Earnings | - | 375 | 3,236 |
| Funds Used | (47,754) | (91,000) | (27,342) |
| Closing Balance | **270,286** | **88,848** | **188,040** |
| **Organisational Environment Sustainability Initiatives Reserve** | | | |
| *To be used to fund environmental initiatives which are intended to reduce the energy usage and/or carbon footprint of the corporation of the City of Melville or for debt servicing costs associated with any loan borrowings taken out for such purposes.* | | | |
| Opening Balance | 1,078,178 | 755,617 | 1,320,726 |
| Funds Set Aside | 250,000 | 250,000 | 250,000 |
| Funds Set Aside - Investment Earnings | - | 3,425 | 25,974 |
| Funds Used | (134,636) | (500,000) | (518,522) |
| Closing Balance | **1,193,542** | **509,042** | **1,078,178** |
| **Parking Facilities Reserve** | | | |
| *To be used to fund the provision, refurbishment or improvement of parking facilities and equipment.* | | | |
| Opening Balance | 444,108 | 445,393 | 370,290 |
| Funds Set Aside | 65,000 | 65,000 | 65,000 |
| Funds Set Aside - Investment Earnings | - | 2,596 | 8,818 |
| Funds Used | (24,998) | - | - |
| Closing Balance | **484,110** | **512,989** | **444,108** |

## NOTE 18: RESERVES - CASH BACKED

| | 2020-2021 Actual $ | 2020-2021 Budget $ | 2019-2020 Actual $ |
|---|---|---|---|
| **Parking Management Reserve - Canning Bridge Activity Centre** | | | |
| *To fund public transport, car parking, streetscape upgrades that improve opportunities for walking and cycling, footpaths and other pedestrian-related infrastructure, cycle paths and other cycling-related infrastructure, street trees, plants and landscaping that improves pedestrian amenity and/or Travelsmart programs and initiatives at the Canning Bridge Activity Centre, or as per the discretion of the Council under the advice of a Parking Fund Advisory Committee.* | | | |
| Opening Balance | - | - | - |
| Funds Set Aside | 358,967 | 250,000 | - |
| Funds Set Aside - Investment Earnings | - | 679 | - |
| Funds Used | - | - | - |
| Closing Balance | **358,967** | **250,679** | **-** |
| **Parking Management Reserve - Riseley Activity Centre** | | | |
| *To fund public transport, car parking, streetscape upgrades that improve opportunities for walking and cycling, footpaths and other pedestrian-related infrastructure, cycle paths and other cycling-related infrastructure, street trees, plants and landscaping that improves pedestrian amenity and/or Travelsmart programs and initiatives at the Riseley Activity Centre, or as per the discretion of the Council under the advice of a Parking Fund Advisory Committee.* | | | |
| Opening Balance | - | - | - |
| Funds Set Aside | 27,120 | 13,750 | - |
| Funds Set Aside - Investment Earnings | - | 37 | - |
| Funds Used | - | - | - |
| Closing Balance | **27,120** | **13,787** | **-** |
| **Private Swimming Pool Inspection Fee Reserve** | | | |
| *To temporarily retain any surpluses that may arise from the Swimming Pool Inspection fees to be used to offset any deficits that may occur in future years operations of the Private Swimming Pools Inspection Program.* | | | |
| Opening Balance | 194,297 | 153,728 | 104,645 |
| Funds Set Aside | - | - | 86,415 |
| Funds Set Aside - Investment Earnings | - | 764 | 3,237 |
| Funds Used | (70,347) | (26,372) | - |
| Closing Balance | **123,950** | **128,120** | **194,297** |

## NOTE 18: RESERVES - CASH BACKED

| | *2020-2021 Actual $* | *2020-2021 Budget $* | *2019-2020 Actual $* |
|---|---|---|---|
| **Public Open Space and Urban Forest Reserve** | | | |
| *To be used to fund the purchase, development and re-development of public open spaces, including streetscapes, bushlands, parks and reserves and to fund initiatives to enhance and improve the urban forest or for debt servicing costs associated with any loan borrowing.* | | | |
| Opening Balance | 5,825,401 | 4,484,096 | 5,019,414 |
| Funds Set Aside | 798,585 | 797,008 | 887,467 |
| Funds Set Aside - Investment Earnings | 96,273 | 21,813 | 117,422 |
| Funds Used | (466,801) | (1,733,066) | (198,902) |
| Closing Balance | **6,253,458** | **3,569,851** | **5,825,401** |
| **Rates Equalisation Reserve** | | | |
| *To temporarily retain any surplus carried forward funds as shown in the audited Annual Financial Report Rate Setting Statement in excess of the estimated surplus funds brought forward amount identified in the following years Annual Budget Rate Setting Statement to subsequently be used to reduce the need to raise rates in future years or to meet any budget shortfalls identified during budget reviews.* | | | |
| Opening Balance | 4,470,645 | 6,865,862 | 10,633,630 |
| Funds Set Aside | 1,994,655 | - | 4,063,265 |
| Funds Set Aside - Investment Earnings | - | 21,456 | 163,541 |
| Funds Used | (6,459,429) | (5,830,862) | (10,389,791) |
| Closing Balance | **5,871** | **1,056,456** | **4,470,645** |
| **Recreation Centres Specialised Plant, Equipment and Structures Reserve** | | | |
| *To be used to fund the acquisition, repair, upgrade and replacement of Recreation Centres specialised plant, equipment and structures.* | | | |
| Opening Balance | 1,750,525 | 1,218,057 | 1,663,106 |
| Funds Set Aside | 430,000 | 430,000 | 435,590 |
| Funds Set Aside - Investment Earnings | - | 6,552 | 36,961 |
| Funds Used | (330,875) | (453,612) | (385,132) |
| Closing Balance | **1,849,650** | **1,200,997** | **1,750,525** |
| **Refuse Bins Reserve** | | | |
| *To be used for the purchase and replacement of domestic refuse and recycling bins or receptacles.* | | | |
| Opening Balance | 735,231 | 544,264 | 1,311,359 |
| Funds Set Aside | 380,000 | 380,000 | 384,000 |
| Funds Set Aside - Investment Earnings | - | 3,498 | 22,159 |
| Funds Used | (62,957) | (180,500) | (982,287) |
| Closing Balance | **1,052,274** | **747,262** | **735,231** |

## NOTE 18: RESERVES - CASH BACKED

| | *2020-2021 Actual $* | *2020-2021 Budget $* | *2019-2020 Actual $* |
|---|---|---|---|
| **Refuse Facilities Reserve** | | | |
| *To be used for payments relating to the establishment and operation of waste management facilities, funding associated costs, and the cost of landscaping, environmental and rehabilitation works of former refuse tip sites operated by the City of Melville and for any additional waste collection and disposal costs of waste associated with storm or disaster events.* | | | |
| Opening Balance | 10,590,441 | 10,621,884 | 10,591,984 |
| Funds Set Aside | 1,723,115 | - | - |
| Funds Set Aside - Investment Earnings | - | 56,876 | 229,352 |
| Funds Used | (311,396) | (300,000) | (230,895) |
| Closing Balance | **12,002,161** | **10,378,760** | **10,590,441** |
| **Risk Management Reserve** | | | |
| *To be used to fund prior years insurance premium contingencies, the self insured element of insurance claims, risk reduction initiatives or projects, losses arising from investment activities and discretionary expenditure required as a consequence of unforeseen events beyond the control of the City.* | | | |
| Opening Balance | 7,134,304 | 7,163,653 | 6,545,265 |
| Funds Set Aside | 153,984 | - | 461,681 |
| Funds Set Aside - Investment Earnings | - | 22,170 | 148,115 |
| Funds Used | (6,309,157) | (6,163,653) | (20,757) |
| Closing Balance | **979,131** | **1,022,170** | **7,134,304** |
| **Special Projects Reserve** | | | |
| *To be used to fund costs associated with City of Melville Council Elections, infrastructure asset condition surveys, asset valuations and gross rental value revaluations and strategic planning projects.* | | | |
| Opening Balance | 1,647,141 | 1,288,406 | 1,946,288 |
| Funds Set Aside | 700,000 | 600,000 | 700,000 |
| Funds Set Aside - Investment Earnings | - | 5,169 | 38,908 |
| Funds Used | (1,119,315) | (1,273,500) | (1,038,055) |
| Closing Balance | **1,227,827** | **620,075** | **1,647,141** |
| **Unexpended Works and Specific Purpose Grants Reserve** | | | |
| *To be used to carry forward available funding for uncompleted projects and specific purpose grants that will be completed and expended in ensuing financial years.* | | | |
| Opening Balance | 1,986,489 | - | 2,499,951 |
| Funds Set Aside | 1,421,342 | - | 1,986,489 |
| Funds Set Aside - Investment Earnings | - | - | - |
| Funds Used | (1,986,489) | - | (2,499,951) |
| Closing Balance | **1,421,342** | **-** | **1,986,489** |

## NOTE 18: RESERVES - CASH BACKED

| | *2020-2021 Actual $* | *2020-2021 Budget $* | *2019-2020 Actual $* |
|---|---|---|---|
| **Summary** | | | |
| Opening Balance | 168,603,502 | 143,318,634 | 157,885,448 |
| Funds Set Aside | 39,637,183 | 30,463,446 | 44,681,032 |
| Funds Set Aside - Investment Earnings | 1,370,260 | 712,500 | 3,486,476 |
| Funds Used | (49,582,776) | (54,598,996) | (37,449,454) |
| Closing Balance | **160,028,169** | **119,895,584** | **168,603,501** |

## NOTE 18(a): REVALUATION SURPLUS

| | *Closing 30/06/2021* $ | *Increment / (Decrement)* $ | *Closing 30/06/2020* $ | *Increment / (Decrement)* $ | *Change in Accounting Policies* $ | *Opening 1/07/2020* $ |
|---|---|---|---|---|---|---|
| Land | 230,334,685 | - | 230,334,685 | - | - | 230,334,685 |
| Building | 104,834,391 | 10,113,383 | 94,721,008 | - | - | 94,721,008 |
| Land Vested | - | - | - | | (6,250,000) | 6,250,000 |
| **Total Land and Buildings** | **335,169,076** | **10,113,383** | **325,055,693** | **-** | **(6,250,000)** | **331,305,693** |
| **Artworks** | | | | | | |
| Artworks | 2,276,749 | - | 2,276,749 | - | - | 2,276,749 |
| **Total Artworks** | **2,276,749** | **-** | **2,276,749** | **-** | **-** | **2,276,749** |
| **Plant and Equipment** | | | | | | |
| Computer Equipment | 554,433 | - | 554,433 | - | - | 554,433 |
| Electronic Equipment | 127,790 | - | 127,790 | - | - | 127,790 |
| Furniture & Fittings | 322,892 | - | 322,892 | - | - | 322,892 |
| Plant & Equipment | 23,490,999 | - | 23,490,999 | - | - | 23,490,999 |
| Mobile Plant | 1,611,729 | - | 1,611,729 | - | - | 1,611,729 |
| **Total Plant and Equipment** | **26,107,843** | **-** | **26,107,843** | **-** | **-** | **26,107,843** |
| **Infrastructure** | | | | | | |
| Drains | 120,015,420 | - | 120,015,420 | - | - | 120,015,420 |
| Footpaths | 37,098,281 | - | 37,098,281 | - | - | 37,098,281 |
| Roads | 46,805,867 | - | 46,805,867 | - | - | 46,805,867 |
| **Total Infrastructure** | **203,919,567** | **-** | **203,919,567** | **-** | **-** | **203,919,567** |
| **Infrastructure - Other** | | | | | | |
| Parks | 2,472,242 | - | 2,472,242 | - | - | 2,472,242 |
| Irrigation | (579,827) | - | (579,827) | - | - | (579,827) |
| Street Furniture | 1,493,694 | - | 1,493,694 | - | - | 1,493,694 |
| **Total Infrastructure - Other** | **3,386,109** | **-** | **3,386,109** | **-** | **-** | **3,386,109** |
| Share of Revaluation of SMRC Non Current Assets | 2,190,442 | 142,038 | 2,048,404 | 1,949,571 | - | 98,833 |
| Local Government House Unit Trust Holding | (46,128) | 9,346 | (55,474) | - | - | (55,474) |
| **Total Revaluation Surplus** | **573,003,658** | **10,264,767** | **562,738,890** | **1,949,571** | **(6,250,000)** | **567,039,320** |

## NOTE 19: TRUST FUNDS

| | *Balance 30/6/2021* | *Receipts* | *Payments* | *Transfers* | *Balance 1/07/2020* |
|---|---|---|---|---|---|
| Public Open Space (POS) | | | | | |
| Applecross | - | - | | (13,441) | 13,441 |
| Melville | - | - | | (19,572) | 19,572 |
| | **-** | **-** | | **(33,013)** | **33,013** |

Funds held in trust has been transferred to reserve account "Funds in lieu of development on Public Open Space reserve" under section 153 and Local Government Act 1995 section 6.11 for the purposes set out in subsection (2)(a) to (d).

## NOTE 20: STATEMENT OF RATING INFORMATION

| *Current Year Actual 2020-2021* | *Number of Properties* | *Rateable value $* | *Rate in $ (cents)* | *Rate Revenue $* | *Interim Rates $* | *Back Rates $* | *Total Revenue $* |
|---|---|---|---|---|---|---|---|
| | | | | *GENERAL RATE* | | | |
| **General Rate GRV** | | | | | | | |
| Residential - Improved | 29,705 | 770,738,072 | 7.347628 | 56,630,967 | 891,139 | 306,304 | 57,828,410 |
| Residential - Unimproved | 747 | 20,261,790 | 6.657573 | 1,348,943 | 99,685 | 33,150 | 1,481,778 |
| | **30,452** | **790,999,862** | | **57,979,910** | **990,824** | **339,454** | **59,310,188** |
| Commercial - Improved | 1,483 | 233,415,450 | 7.738591 | 18,063,067 | 192,149 | $ 60,169 | 18,315,385 |
| Commercial - Unimproved | 16 | 1,411,328 | 7.738591 | 109,217 | (35,678) | (12,395) | 61,144 |
| Strata Storage Units | - | - | 7.738591 | - | - | - | - |
| | **1,499** | **234,826,778** | | **18,172,284** | **156,471** | **47,774** | **18,376,529** |
| **Sub Total General Rate** | **31,951** | **1,025,826,640** | | **76,152,194** | **1,147,296** | **387,227** | **77,686,717** |
| | | | | *MINIMUM RATE* | | | |
| **Minimum Rate** | | | | | | | |
| Residential - Improved | 10,610 | 157,076,478 | 1,283.43 | 13,617,192 | | | 13,617,192 |
| Residential - Unimproved | 300 | 2,896,580 | 818.63 | 245,589 | | | 245,589 |
| | **10,910** | **159,973,058** | | **13,862,781** | **-** | **-** | **13,862,781** |
| Commercial - Improved | 190 | 1,586,816 | 995.61 | 189,166 | | | 189,166 |
| Commercial - Unimproved | 1 | 5,000 | 995.61 | 996 | | | 996 |
| Strata Storage Units | 57 | 102,112 | 995.61 | 56,750 | | | 56,750 |
| | **248** | **1,693,928** | | **246,911** | **-** | **-** | **246,911** |
| **Sub Total Minimum Rate** | **11,158** | **161,666,986** | | **14,109,693** | **-** | **-** | **14,109,693** |
| **Amount Raised from Rates** | | | | **90,261,886** | **1,147,296** | **387,227** | **91,796,409** |
| Storage Unit Concession | | | | (28,375) | | | (28,375) |
| Residential Improved Stimulus Concession | | | | (8,334,300) | | | (8,334,300) |
| Residential Unimproved Stimulus Concession | | | | (186,830) | | | (186,830) |
| Commercial Improved Stimulus Concession | | | | (1,836,655) | | | (1,836,655) |
| Commercial Unimproved Stimulus Concession | | | | (7,078) | | | (7,078) |
| Melville Glades Rates Concession | | | | (10,181) | | | (10,181) |
| **Sub Total Concessions** | | | | **(10,403,419)** | **-** | **-** | **(10,403,419)** |
| **Total Amount Raised from Rates** | | | | **79,858,467** | **1,147,296** | **387,227** | **81,392,990** |
| **Plus:** | | | | | | | |
| Instalment Administration Fee | | | | | | | 18 |
| Instalment Interest | | | | | | | 174,963 |
| Late Payment Interest | | | | | | | 166,384 |
| **GRAND TOTAL** | **43,109** | **1,187,493,626** | | **79,858,467** | **1,147,296** | **387,227** | **81,734,355** |

**Summary**

| *Current Year Actual 2020-2021* | *Rate Assessments* | | *Rateable Value* | | *Rate Yield* | | *Average Rate* |
|---|---|---|---|---|---|---|---|
| | *#* | *%* | *$* | *%* | *$* | *%* | *$* |
| Residential | 41,362 | 95.95% | 950,972,920 | 80.08% | 71,842,691 | 79.59% | 1,737 |
| Commercial | 1,747 | 4.05% | 236,520,706 | 19.92% | 18,419,195 | 20.41% | 10,543 |
| | **43,109** | **100.00%** | **1,187,493,626** | **100.00%** | **90,261,886** | **100.00%** | |

Rates revenue has been recognised at a point in time in accordance with AASB 1058 - Income for not-for-profit entities.

## NOTE 20: STATEMENT OF RATING INFORMATION

| *Current Year Budget 2020-2021* | *Number of Properties* | *Rateable value $* | *Rate in $ (cents)* | *Rate Revenue $* | *Interim Rates $* | *Back Rates $* | *Total Revenue $* |
|---|---|---|---|---|---|---|---|
| | *GENERAL RATE* | | | | | | |
| **General Rate GRV** | | | | | | | |
| Residential - Improved | 29,612 | 768,680,992 | 7.347628 | 56,479,820 | 100,000 | | 56,579,820 |
| Residential - Unimproved | 747 | 20,030,850 | 6.657573 | 1,333,568 | 8,440 | | 1,342,009 |
| | **30,359** | **788,711,842** | | **57,813,388** | **108,440** | - | **57,921,829** |
| Commercial - Improved | 1,484 | 233,484,239 | 7.738591 | 18,068,390 | 39,586 | | 18,107,976 |
| Commercial - Unimproved | 15 | 1,380,828 | 7.738591 | 106,856 | 4,954 | | 111,810 |
| Strata Storage Units | - | - | 7.738591 | - | | | - |
| | **1,499** | **234,865,067** | | **18,175,246** | **44,539** | - | **18,219,786** |
| **Sub Total General Rate** | **31,858** | **1,023,576,909** | | **75,988,635** | **152,980** | - | **76,141,614** |
| | *MINIMUM RATE* | | | | | | |
| **Minimum Rate** | | | | | | | |
| Residential - Improved | 10,641 | 157,452,138 | 1,283.43 | 13,656,979 | 465,884 | | 14,122,863 |
| Residential - Unimproved | 301 | 2,913,030 | 818.63 | 246,408 | 1,560 | | 247,967 |
| | **10,942** | **160,365,168** | | **13,903,386** | **467,444** | - | **14,370,830** |
| Commercial - Improved | 190 | 1,586,816 | 995.61 | 189,166 | 414 | | 189,580 |
| Commercial - Unimproved | 1 | 5,000 | 995.61 | 996 | 46 | | 1,042 |
| Strata Storage Units | 57 | 102,112 | 995.61 | 56,750 | - | | 56,750 |
| | **248** | **1,693,928** | | **246,911** | **461** | - | **247,372** |
| **Sub Total Minimum Rate** | **11,190** | **162,059,096** | | **14,150,298** | **467,904** | - | **14,618,202** |
| **Amount Raised from Rates** | | | | **90,138,932** | **620,884** | - | **90,759,816** |
| Storage Unit Concession | | | | (28,375) | | | (28,375) |
| Residential Improved Stimulus Concession | | | | (8,050,600) | | | (8,050,600) |
| Residential Unimproved Stimulus Concession | | | | (172,920) | | | (172,920) |
| Commercial Improved Stimulus Concession | | | | (1,831,431) | | | (1,831,431) |
| Commercial Unimproved Stimulus Concession | | | | (10,785) | | | (10,785) |
| Melville Glades Rates Concession | | | | (10,181) | | | (10,181) |
| **Sub Total Concessions** | | | | **(10,104,292)** | - | - | **(10,104,292)** |
| **Total Amount Raised from Rates** | | | | **80,034,640** | **620,884** | - | **80,655,524** |
| **Plus:** | | | | | | | |
| Instalment Administration Fee | | | | | | | - |
| Instalment Interest | | | | | | | 180,000 |
| Late Payment Interest | | | | | | | 111,528 |
| **GRAND TOTAL** | **43,048** | **1,185,636,005** | | **80,034,640** | **620,884** | - | **80,947,052** |

**Summary**

| *Current Year Budget 2020-2021* | *Rate Assessments* | | *Rateable Value* | | *Rate Yield* | | *Average Rate* |
|---|---|---|---|---|---|---|---|
| | *#* | *%* | *$* | *%* | *$* | *%* | *$* |
| Residential | 41,301 | 96% | 949,077,010 | 81% | 71,716,775 | 79% | 1,736 |
| Commercial | 1,747 | 4% | 236,558,995 | 19% | 18,422,157 | 21% | 10,545 |
| | **43,048** | **100%** | **1,185,636,005** | **100%** | **90,138,932** | **100%** | |

## NOTE 20: STATEMENT OF RATING INFORMATION

| *Prior Year Actual 2019-2020* | *Number of Properties* | *Rateable value $* | *Rate in $ (cents)* | *Rate Revenue $* | *Interim Rates $* | *Back Rates $* | *Total Revenue $* |
|---|---|---|---|---|---|---|---|
| | | | | ***GENERAL RATE*** | | | |
| **General Rate GRV** | | | | | | | |
| Residential - Improved | 29,553 | 860,312,155 | 6.507805 | 55,987,281 | 558,330 | (22,150) | 56,523,461 |
| Residential - Unimproved | 841 | 20,427,835 | 7.330606 | 1,497,480 | (5,117) | (6,932) | 1,485,430 |
| | **30,394** | **880,739,990** | | **57,484,761** | **553,212** | **(29,082)** | **58,008,891** |
| Commercial - Improved | 1,488 | 243,585,275 | 7.358007 | 17,923,014 | 123,451 | 15,552 | 18,062,017 |
| Commercial - Unimproved | 25 | 1,506,087 | 7.358007 | 110,818 | (27,201) | 1,087 | 84,704 |
| Strata Storage Units | - | - | 7.358007 | - | | - | - |
| | **1,513** | **245,091,362** | | **18,033,832** | **96,250** | **16,638** | **18,146,721** |
| **Sub Total General Rate** | **31,907** | **1,125,831,352** | | **75,518,593** | **649,463** | **(12,444)** | **76,155,612** |
| | | | | ***MINIMUM RATE*** | | | |
| **Minimum Rate** | | | | | | | |
| Residential - Improved | 10,358 | 171,120,222 | 1,283.43 | 13,293,768 | | | 13,293,768 |
| Residential - Unimproved | 220 | 1,995,050 | 818.63 | 180,099 | | | 180,099 |
| | **10,578** | **173,115,272** | | **13,473,867** | **-** | **-** | **13,473,867** |
| Commercial - Improved | 176 | 1,538,368 | 995.61 | 175,227 | | | 175,227 |
| Commercial - Unimproved | 5 | 49,847 | 995.61 | 4,978 | | | 4,978 |
| Strata Storage Units | 57 | 108,007 | 995.61 | 56,750 | | | 56,750 |
| | **238** | **1,696,222** | | **236,955** | **-** | **-** | **236,955** |
| **Sub Total Minimum Rate** | **10,816** | **174,811,494** | | **13,710,822** | **-** | **-** | **13,710,822** |
| **Amount Raised from Rates** | | | | **89,229,415** | **649,463** | **(12,444)** | **89,866,434** |
| Storage Unit Concession | | | | (27,877) | | | (27,877) |
| | | | | **89,201,537** | **649,463** | **(12,444)** | **89,838,556** |
| Amount Recognised As Revenue From Prepaid Rates | | | | | | | 954,355 |
| **Total Amount Raised from Rates** | | | | | | | **90,792,911** |
| **Plus:** | | | | | | | |
| Instalment Administration Fee | | | | | | | 220,722 |
| Instalment Interest | | | | | | | 308,901 |
| Late Payment Interest | | | | | | | 421,688 |
| **GRAND TOTAL** | **42,723** | **1,300,642,846** | | **89,201,537** | **649,463** | **(12,444)** | **91,744,222** |

**Summary**

| *Prior Year Actual 2019-2020* | *Rate Assessments* | | *Rateable Value* | | *Rate Yield* | | *Average Rate* |
|---|---|---|---|---|---|---|---|
| | *#* | *%* | *$* | *%* | *$* | *%* | *$* |
| Residential | 40,972 | 95.90% | 1,053,855,262 | 81.03% | 70,958,628 | 79.52% | 1,732 |
| Commercial | 1,751 | 4.10% | 246,787,584 | 18.97% | 18,270,787 | 20.48% | 10,434 |
| | **42,723** | **100%** | **1,300,642,846** | **100%** | **89,229,415** | **100%** | |

Rates revenue has been recognised at a point in time in accordance with AASB 1058 - Income for not-for-profit entities.

## NOTE 20: STATEMENT OF RATING INFORMATION

### DIFFERENTIAL RATING

A differential rate loading of 12.64 per cent above the residential improved land rate was applied to residential unimproved (vacant) land. A differential rate loading of 13.06 per cent above the residential improved land rate was applied to commercial and industrial land. If the differential rates were not imposed, the rate in the dollar would be approximately 6.507805 cents with a minimum rate of $1,283.43. This rate is referred to as the standard rate.

The *Valuation of Land Act 1978* stipulates that for unimproved land the method by which the Gross Rental Value is calculated is to be 3% of the unimproved value of the land. When applied to residential land this results in the revenue generated from unimproved residential land being substantially less than if the same vacant land was improved to it's highest and best use under the applicable Town Planning Scheme provisions. The resulting difference in rate revenue is not considered to result in a fair and equitable distribution of the revenue burden as between the two different classes of residential land.The purpose of imposing a differential rate is to obtain a fair income from unimproved land within the Municipal District.

### SIGNIFICANT ACCOUNTING POLICIES

**Rates**

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

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

## NOTE 21: INFORMATION ABOUT DISCOUNTS, INCENTIVES, CONCESSIONS AND WRITE-OFFS

**(a) Discounts**

Eligible pensioners and Seniors receive various discounts on fees & charges for the City's recreation facilities.

**(b) Payment Incentives**

Ratepayers who registered to receive their rates by email and paid their rates in full or the first instalment by the due date of 10 September 2020 were automatically eligible to go into the draw to win one of four major sponsored prizes sponsored by Westpac:

Major Prize: Four (4) $750.00 Bonus Saver Accounts from Westpac Bank

**(c) Concessions**

A concession was granted to strata titled storage units of $18m^2$ or smaller, whereby the minimum rate charged was $497.80. The value of this concession was $28,376. This concession was granted due to the size and Gross Rental Value of the storage units. A 100% concession from General Rates was granted to the Melville Glades Golf Club. The value of this concession was $10,181. The City grants a concession to the Club, as the club maintains the grounds and facilities at no cost to the City.

The Melville Community Stimulus package provided a flat rates concession of $200.00 for all residential impoved properties, $165.00 all residential unimproved properties and a 10% rates reduction, based on 2019-2020 gross rental valuations, for all commercial properties.

## NOTE 22: INFORMATION ABOUT INTEREST PAYMENTS AND ADDITIONAL CHARGES

| | *Interest Rate %* | *2020-2021 Actual $* | *2020-2021 Budget $* | *2019-2020 Actual $* |
|---|---|---|---|---|
| Late Payment Interest | 2 | 162,974 | 111,528 | 421,688 |
| Instalment Interest | 2 | 177,488 | 180,000 | 308,901 |
| Instalment Administration Fee | - | - | - | 220,722 |

The interest was charged on the daily balance of all overdue rates and charges in accordance with the Local Government Act 1995. Where a ratepayer had not taken advantage of the instalment option given in the rate notice, interest is accrued on rates or charges that remained unpaid after 35 days from the issue date of original rate notice. Eligible pensioners are exempt.

Where a ratepayer elected the instalment option, interest accrued on any instalment that remained unpaid after the due date of the instalment and continued to accrue until the instalment was paid.

All penalty interest charges on outstanding rates to the City was set at 2% for 2020-2021 in recognition of the impact of COVID-19.

The following two payment options were provided to ratepayers:

**Option 1** - Full amount of the rate notice payable by 10 September 2020.

**Option 2** - Full amount of the rate notice payable in four equal instalments due on the

| | | |
|---|---|---|
| 1st Instalment | Due | 10 September 2020 |
| 2nd Instalment | Due | 12 November 2020 |
| 3rd Instalment | Due | 18 January 2021 |
| 4th Instalment | Due | 19 March 2021 |

## NOTE 23: LEASING COMMITMENTS

Capital commitments as at 30 June 2021 amounted to $6.73 million (30 June 2020: $Nil). The City had no other commitments as at 30 June 2021 (30 June 2020: $Nil).

## NOTE 24: CONTINGENT LIABILITIES

**Workers' Compensation Premium**

The City negotiates its Workers' Compensation Premium on a "burning cost" basis whereby a minimum and maximum premium are determined for workers' compensation and the City pays a deposit premium only with the actual premium being settled based on known and anticipated claims experience. Therefore, the City may be required to fund an additional premium if the actual premium (as yet to be determined) exceeds the deposit premium already paid. Accordingly, a contingent liability is recognised for the difference between the deposit premium paid and the maximum premium payable.

| | *2020-2021 Actual $* | *2019-2020 Actual $* |
|---|---|---|
| Contingent Liability For Additional Workers' Compensation | 7,144,346 | 6,464,656 |

## NOTE 25: INVESTMENT IN ASSOCIATES AND JOINT ARRANGEMENTS

### (a) Investment In Associates

### Share in South Metropolitan Regional Council (SMRC)

The South Metropolitan Regional Council (SMRC) is a statutory local government authority established in 1991 by the local governments of Canning, Cockburn, East Fremantle, Fremantle, Kwinana, Melville, and Rockingham.

The SMRC is responsible for developing environmentally sustainable waste management solutions for the communities of the Participants.

The member local governments have jointly agreed to establish SMRC under an Establishment Agreement and each participant may participate in regional projects that are governed by a Participants' Project Agreement.

There are two core projects being:

1. The Regional Resource Recovery Centre (RRRC) Project and;
2. The Office Accommodation Project.

Both the projects were established through separate project participants' agreements. The City of Kwinana are not participants in the RRRC project. In addition to the above two projects, the support activities of SMRC such as Administrative activities, Education and Marketing and Research and Development, are referred to as Existing Undertakings.

Over the period the following local governments have since withdrawn from the Regional Council: City of Canning in June 2010, City of Rockingham in June 2012 and City of Cockburn in June 2019.

### Existing Undertakings

The historical annual contributions made by Participants to the Existing Undertakings are used to determine the proportional contribution percentage of each Participant to the Existing Undertakings.

The City's share as on 30 June 2021:
SMRC Existing Undertakings Proportional Equity Share: **60.30%**

### Regional Resource Recovery Centre (RRRC) Project

RRRC Project Participants shall make an annual contribution towards the acquisition of any asset of a capital nature required by the Project, plus pay gate fees for each tonne of waste they deliver to the facility to cover the operating costs.

The annual contribution shall be an amount which bears the same proportion to the cost of the acquisition disclosed in the Project Budget for the financial year as the Population of the Project Participant bears to the total of the Populations of all Project Participants.

The capital costs for each participating Local Government member is based on the Australian Bureau of Statistics population statistics. Each project participant will develop equity in the project equal to the relevant proportion of the total capital loan repayments made by that project participant.

## NOTE 25: INVESTMENT IN ASSOCIATES AND JOINT ARRANGEMENTS

| | |
|---|---|
| The City's share as on 30 June 2021: | |
| RRRC Project Proportional Equity Share: | **73.91%** |

### RRRC - Lending Facility

The capital construction of the RRRC facility was funded by borrowings from Western Australian Treasury Corporation (WATC). The lending facility will be fully repaid on the 30 June 2023.

The SMRC administer the borrowing with the project participants making quarterly contributions equal to the repayment costs of these borrowings.

The City guaranteed by way of agreement to its share of the loan liability to the SMRC and the WATC. The City's estimated share of the project funding is based on population percentages as derived from the Australian Bureau of Statistics census. These are revised yearly over the life of the lending facility.

| | |
|---|---|
| As at 30 June 2021, the balance outstanding against the lending facility stood at: | **$ 6,629,191** |
| With the City's share of this liability being: | **$ 2,653,665** |
| Using the current cost/profit sharing percentage of: | **40.03%** |

### Office Accommodation Project

The Office Project pertains to SMRC's office located at 9 Aldous Place, Booragoon, Western Australia. The City's equity share of the project is based on their proportional populations.

| | |
|---|---|
| The City's share as on 30 June 2021: | |
| Office Accommodation Project Proportional Equity Share: | **59.16%** |

### Office Accommodation Project

As a SMRC participant, the City has guaranteed by way of security to the Western Australian Treasury Corporation, a charge over its' general funds for its' share of any outstanding debenture borrowings provided for the SMRC administration building at 9 Aldous Place Booragoon. This facility has a limit of $2 million.

| | |
|---|---|
| As at 30 June 2021, the balance outstanding against the lending facility stood at: | **$ 1,800,000** |
| With the City's share of this liability being: | **$ 988,380** |
| Using the current cost/profit sharing percentage of: | **54.91%** |

## NOTE 25: INVESTMENT IN ASSOCIATES AND JOINT ARRANGEMENTS

| | Note | 2020-2021 Actual $ | 2019-2020 Actual $ |
|---|---|---|---|
| Net Assets | | 20,505,466 | 16,188,265 |
| Less: Share of SMRC Loan Liability | 17 | (3,642,045) | (4,994,494) |
| Share in the net assets of the SMRC (excluding equity) | | **16,863,420** | **11,193,771** |
| **Equity Ratios** | | | |
| SMRC Existing Undertakings Proportional Equity Share: | | 60.30% | 60.71% |
| Office Accomodation Project Proportional Equity Share: | | 59.16% | 59.70% |
| RRRC Project Proportional Equity Share: | | 73.91% | 73.99% |
| Represented by Share of Investment in Associates Entity's Financial Position: | | | |
| Current Assets | | 13,386,704 | 10,596,124 |
| Non Current Assets | | 18,349,344 | 19,359,531 |
| **Total Assets** | | **31,736,048** | **29,955,655** |
| Current Liabilities | | 3,912,432 | 4,301,314 |
| Non Current Liabilities | | 7,318,151 | 9,466,076 |
| **Total Liabilities** | | **11,230,583** | **13,767,390** |
| **Net Assets** | | **20,505,466** | **16,188,265** |
| Statement of Comprehensive Income | | | |
| Share of Profit/(Loss) of Associate Accounted For Using The Equity Method | | 4,175,162 | 1,095,976 |
| Other Comprehensive Income | | | |
| Share of Profit/(Loss) of Revaluation of SMRC Assets Using The Equity Method | | 142,038 | 1,949,571 |
| **Net Increase / (Decrease) in Equity - SMRC Investment in Associates** | | **4,317,201** | **3,045,547** |
| **Borrowings** | | | |
| **Share of SMRC Loan Liability** | | | |
| Current | | 1,360,540 | 2,320,941 |
| Non-current | | 2,281,505 | 2,673,553 |
| | | **3,642,045** | **4,994,494** |
| **Share of SMRC Loan Liability by Project** | | | |
| Regional Resource Recovery Centre (RRRC) Project | | 40.03% | 40.33% |
| Office Accommodation Project | | 54.91% | 55.36% |
| **Current** | | | |
| Regional Resource Recovery Centre (RRRC) Project | | 1,360,540 | 1,324,461 |
| Office Accommodation Project | | - | 996,480 |
| | | **1,360,540** | **2,320,941** |
| **Non-current** | | | |
| Regional Resource Recovery Centre (RRRC) Project | | 1,293,125 | 2,673,553 |
| Office Accommodation Project | | 988,380 | - |
| | | **2,281,505** | **2,673,553** |

## NOTE 25: INVESTMENT IN ASSOCIATES AND JOINT ARRANGEMENTS

### SIGNIFICANT ACCOUNTING POLICIES

**Investment In Associates**

An associate is an entity over which the City has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, 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.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the City's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the City and the associate are eliminated to the extent of the City's interest in the associate.

When the City's share of losses in an associate equals or exceeds its interest in the associate, the City discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the City will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

**(b) Joint Arrangements**

**Share in Carawatha Redevelopment Project**

| | Note | *2020-2021 Actual $* | *2019-2020 Actual $* |
|---|---|---|---|
| Opening Share In Equity | | 6,353,536 | 6,500,000 |
| Carawatha Redevelopment Distribution | | (2,250,000) | - |
| Share In Profit/(Loss) In Net Results | | 879,115 | (146,464) |
| **Total** | 8 | **4,982,651** | **6,353,536** |
| Equity Ratio | | 50.00% | 50.00% |

### SIGNIFICANT ACCOUNTING POLICIES

### INTERESTS IN JOINT ARRANGEMENTS

Joint arrangements represent the contractural sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initally 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.

Joint operations represent arrangements whereby joint operator maintain direct interests in each asset and exposure to each liability of the arrangement. The City's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

## NOTE 26: RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

| | *2020-2021 Actual $* | *2020-2021 Budget $* | *2019-2020 Actual $* |
|---|---|---|---|
| Sitting Fees - Mayor | 47,516 | 47,516 | 47,516 |
| Sitting Fees - Councillors | 380,136 | 380,136 | 380,136 |
| Conference and Training | 12,830 | 61,750 | 12,850 |
| Allowance - Mayor | 89,753 | 89,753 | 89,753 |
| Allowance - Deputy Mayor | 22,438 | 22,438 | 22,438 |
| Allowance - Councillors | 50,070 | 89,624 | 53,483 |
| | **602,742** | **691,216** | **606,177** |

| *Name of Councillor* | *Total* | *Sitting Fees* | *Mayoral Allowance* | *ICT* | *Conference* | *Travel* |
|---|---|---|---|---|---|---|
| Mayor George Gear | 142,720 | 47,516 | 89,753 | 3,500 | 1,901 | 50 |
| Cr Glynis Barber | 35,684 | 31,678 | - | 3,500 | 506 | - |
| Cr June Barton | 51,095 | 31,678 | 14,959 | 3,500 | 506 | 452 |
| Cr Tomas Fitzgerald | 35,639 | 31,678 | - | 3,500 | 461 | - |
| Cr Steve Kepert | 36,423 | 31,678 | - | 3,500 | 526 | 720 |
| Cr Duncan Macphail | 36,439 | 31,678 | - | 3,500 | 461 | 800 |
| Cr Katy Mair | 35,639 | 31,678 | - | 3,500 | 461 | - |
| Cr Nicholas Pazolli | 43,886 | 31,678 | 7,479 | 3,500 | 507 | 722 |
| Cr Clive Robartson | 35,640 | 31,678 | - | 3,500 | 462 | - |
| Cr Nicole Robins | 35,640 | 31,678 | - | 3,500 | 462 | - |
| Cr Margaret Sandford | 36,162 | 31,678 | - | 3,500 | 984 | - |
| Cr Karen Wheatland | 42,135 | 31,678 | - | 3,500 | 5,131 | 1,826 |
| Cr Matthew Woodall | 35,640 | 31,678 | - | 3,500 | 462 | - |
| | **602,742** | **427,651** | **112,191** | **45,500** | **12,830** | **4,570** |

### Key Management Personnel (KMP) Compensation Disclosure

| | *2020-2021 Actual $* | *2019-2020 Actual $* |
|---|---|---|
| The total of remuneration paid to KMP of the City during the year are as follows: | | |
| Short-term employee benefits | 1,782,568 | 1,679,559 |
| Post-employment benefits | 190,359 | 190,614 |
| Other long-term benefits | 44,526 | 27,089 |
| | **2,017,453** | **1,897,263** |

## NOTE 26: RELATED PARTY TRANSACTIONS

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

**Post-employment benefits**
These amounts are the current-year's actual cost of providing for the City's superannuation contributions made during the year.

**Other long-term benefits**
These amounts represent long service benefits accruing during the year.

**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 elected member, are considered key management personnel.

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

*iii. Joint venture entities accounted for under the equity method*
The City has a 60.30% (2020: 60.71%) interest in the South Metropolitan Regional Council (SMRC) and 50% (2020: 50%) in the Carawatha Redevelopment Project. The interest in the joint venture entities are accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities, refer to Note 25.

**Transactions with related parties**

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

The following transactions occurred with related parties:

| | *2020-2021 Actual $* | *2019-2020 Actual $* |
|---|---|---|
| **Associated companies/individuals:** | | |
| Sale of goods and services | 26,000 | 25,417 |

## NOTE 27: MAJOR LAND TRANSACTIONS

There are no new major land transactions in the year 2020-2021.

### Melville City Centre Land Exchange, Booragoon

The Melville City Centre Structure Plan was approved in 2015. The Plan responded to a proposal by the owners of the Garden City Shopping Centre (Westfield Booragoon) to expand the existing centre. The Structure Plan requires the creation of a vibrant "High Street" generally in the area between the shopping centre and the City of Melville Administration Centre. Achievement of the High Street would be enhanced through an adjustment of the boundary between the City's land and the shopping centre site. A conditional "like for like" land swap had been agreed between the City and AMP Capital Funds Management to achieve a rationalisation of this boundary. The land exchange agreement was approved by Council and executed in 2015. The City of Melville's agreements with AMP Capital Funds Management expired in July 2020 when the Sunset Date lapsed. As a result the agreements have come to an end,

Late in 2019, AMP Capital Funds Management sold 50% of its interest in Westfield Booragoon to Scentre Custodian Pty Ltd (Westfield) including management and development rights. Due to the restructured ownership of the Westfield Booragoon, Scentre Group has revised the redevelopment scheme and High Street. As a result the location of the High Street has changed slightly but the need for the land exchange was still apparent. In March 2021 AMP Capital Funds Management sold its remaining 50% interest in Westfield Booragoon to Dexus Wholesale Property Limited.

Council approved the advertising of the proposed new land exchange under Section 3.58 of the Local Government Act 1995 in December 2020. Public submissions were presented after the close of the Public Notice period and Council approved the preparation of the land exchange agreement between the City of Melville and Scentre Custodians Pty Ltd/ AMP Capital Funds Management Ltd. The *Agreement for Exchange of Land: Melville City Centre* has been drafted and will be signed and executed once Council has approved it.

Scentre Group is in the process of finalising the preparation of its documents for submission of its development application with the State Development Assessment Unit (DAU) seeking State Government approval for the redevelopment of Westfield Booragoon. If approved, redevelopment works are expected to commence late 2022 or early 2023.

### Carawatha "Gallery" Residential Development Project, Willagee

As identified as part of the Land Asset Strategy review and Council decision in December 2013, the City undertook a Request for Proposal (RFP) process in April 2015 to explore options for the potential redevelopment of a portion of the former Carawatha Primary School site in Willagee, which the City acquired from the State Government in June 2006. Subsequently a proponent (Satterley Property Group) was selected from the RFP assessment process and the City has finalised the redevelopment concepts, development model and agreements which will see Satterley Property Group as Project Manager, Satterley Carawatha Pty Ltd as Developer and the City of Melville as Owner. The appointment of the proponent followed the relevant provisions (Section 3.59) of the Local Government Act 1995 which dealt with the Major Land Transactions. The City of Melville entered into a Development Agreement with Satterley Carawatha Pty Ltd and Project Management, Marketing and Sales Agreement with Satterley Property Group.

## NOTE 27: MAJOR LAND TRANSACTIONS

The project received subdivision approval from the Western Australian Planning Commission in March 2019. Satterley Property Group commenced the civil subdivision works in August 2019 with Practical Completion in March 2020. New Titles were issued for all the subdivided lots in May 2020 and these Titles remain in the name of the City of Melville (Owner) until sold or redeveloped and sold. The project includes 23 Cottage Lots, 16 Terrace Homes and 4 Apartments complex totalling 98 Apartments. All 23 Cottage lots have now sold and settled and the project manager (Satterley) has tendered to the building industry for the construction of the 16 Terrace Homes and the first apartment stage being Apartment site Ä. Building construction is expected to commence in late 2021. The project is expected to be completed by 2026 with all 98 Apartments and 16 Terrace Homes having been constructed and sold by this date.

**Melville District Centre - Stock Rd Palmyra Strategic Site Ground Lease Redevelopment Proposal**

Council approved the ground lease redevelopment proposal by Hall & Prior Aged Care Group in December 2018. The ground lease development agreements were approved by Council in December 2020 and signed and executed. Hall & Prior are in the process of satisfying their conditions under the Agreement for Lease. Site handover is planned for early 2023 with construction and redevelopment of the site into a $60M integrated aged care and community facility to commence shortly after Hall & Prior has development approval from the Joint Development Assessment Panel. The construction is expected to take 2 years with the ground lease income stream to commence flowing to the City at that time. The ground lease term including options is up to 90 years. The commencing annual lease value is $350,000 p.a. resulting in a total present value of $11.528 Million or cumulative notional ground lease value excluding market reviews of $112 Million.

**13 The Esplanade & 64 Kishorn Rd, Mt Pleasant – Strategic Site Ground Lease Redevelopment Proposal**

In accordance with previous Council decision and directive aligned with the land asset strategy the City undertook a detail request for proposal (RFP) campaign in May 2019 to either purchase or ground lease the site from the City. Submissions were assessed and Oryx Communities was selected as preferred proponent to ground lease and redevelop the site for aged care. Due diligence and negotiations with the preferred proponent was undertaken and Council approved the advertising of the Major Land Transaction in accordance with Section 3.59 of the LGA 1995 in April 2020. The submissions report was presented to Council and the proposal was approved in November 2020. Council resolved that the draft ground lease development agreements be presented to Council for approval before execution. This is currently underway and expected to be considered by Council in December 2021. When approved, Orxy Communities will embark on satisfying its conditions precedent under the Agreement for Lease which includes lodging its development application with the Joint Development Assessment Panel. Assuming all conditions are satisfied, site handover is expected by early 2022 upon which Oryx will commence construction of the integrated aged care living facility which it will operate for the term of the ground lease. The ground lease term including options is up to 89 years. The commencing annual lease value is $650,000 p.a. resulting in a total present value of $18.2 Million or cumulative notional ground lease value excluding market reviews of $137 Million.

## NOTE 28: FINANCIAL RISK MANAGEMENT

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

| *Risk* | *Exposure Arising From* | *Measurement* | *Management* |
|---|---|---|---|
| Market risk - interest rate | Long term borrowings at variable rates | Sensitivity analysis | Utilise fixed interest rate borrowings |
| Credit risk | Cash and cash equivalents, trade receivables and financial assets | Aging analysis Credit analysis | Diversification of bank deposits, credit limits, investment policy |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of commited 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 Financial Services under policies approved by the Council. The Financial Services 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 to cash flow interest rate risk.

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 30th June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost and are reflected in the table below.

| | *Weighted Average Interest Rate* | *Carrying Amounts* | *Fixed Interest Rate* | *Variable Interest Rate* | *Non interest Bearing* |
|---|---|---|---|---|---|
| | *%* | *$* | *$* | *$* | *$* |
| **2021** | | | | | |
| Cash And Cash Equivalents | 0.03% | 179,800,455 | 162,098,466 | 17,695,938 | 6,050 |
| - Term Deposits | 0.59% | 162,098,466 | 162,098,466 | - | - |
| **2020** | | | | | |
| Cash and cash equivalents | 1.01% | 179,275,996 | 172,369,681 | 6,899,964 | 6,350 |
| - Term Deposits | 1.41% | 172,369,681 | 172,369,681 | - | - |

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

| | *2021* | *2020* |
|---|---|---|
| | *$* | *$* |
| Impact of a 1% movement in interest rates on profit and loss and equity* | 1,798,005 | 1,792,760 |
| **Holding all other variables constant* | | |

## NOTE 28: FINANCIAL RISK MANAGEMENT

### (b) Credit Risk

**Trade Receivables**
The City's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be paid. The City manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the City to recover property rates and services charges debts as a secured charge over the land – that is, the land can be sold to recover the debt. Whilst the City was historically able to charge interest on overdue rates and annual charges at higher than market rates, which further encounrage payment, the effect of COVID-19 has been considered. Financial assistance provided to ratepayers is expected to adversely affect the City's cash flows.

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

The City applies the AASB 9 *Financial Instruments* 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 from rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss from 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. Re-negotiation of repayment terms is expected due to the COVID-19 pandemic.

The loss allowance as at 30 June 2021 for rates receivable was determined as follows and takes into account the waiver of penalty interest due to the impact of COVID-19.

| | *Current* | *More than 1 year past due* | *More than 2 year past due* | *More than 3 year past due* | *Total* |
|---|---|---|---|---|---|
| **30 June 2021** | | | | | |
| Rates Receivable | | | | | |
| Expected Credit Loss | 0.00% | 0.00% | 0.00% | 0.00% | |
| Gross Carrying Amount | 5,096,796 | - | - | - | 5,096,796 |
| Loss Allowance | - | - | - | - | - |
| **30 June 2020** | | | | | |
| Rates Receivable | | | | | |
| Expected Credit Loss | 0.00% | 0.00% | 0.00% | 0.00% | |
| Gross Carrying Amount | 6,912,476 | - | - | - | 6,912,476 |
| Loss Allowance | - | - | - | - | - |

The loss allowance as at 30 June 2021 and 30 June 2020 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* |
|---|---|---|---|---|---|
| **30 June 2021** | | | | | |
| Sundry Receivable | | | | | |
| Expected Credit Loss | 0.00% | 0.00% | 0.00% | 67.94% | 41.42% |
| Gross Carrying Amount | - | 254,299 | 94,706 | 545,224 | 894,229 |
| Loss Allowance | - | - | - | 370,398 | 370,398 |
| **30 June 2020** | | | | | |
| Sundry Receivable | | | | | |
| Expected Credit Loss | 0.00% | 0.00% | 0.00% | 42.26% | 27.40% |
| Gross Carrying Amount | 29,599 | 161,618 | 255,261 | 823,088 | 1,269,566 |
| Loss Allowance | - | - | - | 347,831 | 347,831 |

## NOTE 28: FINANCIAL RISK MANAGEMENT

**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, Borrowings and Other Financial Liability**

Payables, borrowings and other financial liability 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 arranged if required.

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

| | *Due within 1 year* $ | *Due between 1 & 5 years* $ | *Due after 5 years* $ | *Total contractual cash flows* $ | *Carrying values* $ |
|---|---|---|---|---|---|
| ***2021*** | | | | | |
| Payables | 16,028,330 | 509,091 | - | 16,537,421 | 16,537,421 |
| Borrowings and Other Financial Liability | 1,575,249 | 3,138,960 | 512,362 | 5,226,571 | 5,226,571 |
| Contract Liabilities | 3,173,033 | | | 3,173,033 | 3,173,033 |
| | **20,776,612** | **3,648,051** | **512,362** | **24,937,025** | **24,937,025** |
| ***2020*** | | | | | |
| Payables | 15,232,306 | 453,903 | - | 15,686,209 | 15,686,209 |
| Borrowings and Other Financial Liability | 2,716,107 | 3,597,211 | 722,831 | 7,036,149 | 7,036,149 |
| Contract Liabilities | 1,326,969 | | | 1,326,969 | 1,326,969 |
| | **19,275,382** | **4,051,114** | **722,831** | **24,049,327** | **24,049,327** |

## NOTE 29: INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

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

Service concessions assets are those assets where a third-party operator constructs assets for the City, upgrades existing assets of the City or uses existing assets of the City to operate and maintain the assets to provide a public service, for a specified period of time. Where, in these circumstances, the third-party operator provides a public service on behalf of the City and is deemed to manage at least some of the services under its own discretion, the assets are classified as service concession assets. Newly constructed or upgraded assets are measured at current replacement cost in accordance with the cost approach to fair value in *AASB 13 Fair Value Measurement*. In the case of existing assets, these are reclassified and treated in the same manner with any difference at the date of reclassification between the carrying amount of the assets and their fair value (current replacement cost) being treated as if it is a revaluation of the asset.

AASB 1059 Service Concession Arrangements - Grantors does not apply to the City, where there is no third-party operator to construct or upgrade existing assets or uses existing assets of the City to operate and maintain the assets to provide a public service, for a specified period of time.

## NOTE 30: EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There are no significant events to report that occurred after the balance sheet date.

## NOTE 31: OTHER SIGNIFICANT ACCOUNTING POLICIES

### 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.

### 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the City's intentions to release for sale.

### 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.

### 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 statement, 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.

### 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.

### 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.

### 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 in 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 or 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).

## NOTE 31: OTHER SIGNIFICANT ACCOUNTING POLICIES

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.

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

**Level 1**
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2**
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

**Level 3**
Measurement based on unobservable inputs for the asset or liability.

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

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

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

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

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

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the City gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are 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.

## NOTE 31: OTHER SIGNIFICANT ACCOUNTING POLICIES

### Impairment of Assets

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

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

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

For non-cash generating specialised assets that are measured under the revaluation model such as roads, drains, public buildings and he like, no annual assessment of impairment is required. Rather AASB116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

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

### Right-of-use assets - valuation

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

### Right-of-use assets - depreciation

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

## NOTE 32: PROGRAM / SUB-PROGRAM

In order to discharge its responsibilities to the community, the City has developed a set of operational and financial objectives. These objectives have been established both on an overall basis and for each of its broad activities or programs. The City operations as disclosed to encompass the following service orientated activities/programs:

| Program Titles | Sub-Program |
|---|---|
| Governance<br>- To provide a decision making process for the efficient allocation of scare resources | Members of Council<br>Governance - general |
| General Purpose Funding<br>- To collect revenue to allow for the provision of services that are not fully funded by specific fees and charges | Rates<br>Other General Purpose Funding |
| Law, Order, Public Safety<br>- To provide services to help ensure a safer and environmentally conscious community | Fire Prevention<br>Animal Control<br>Other Law, Order, Public Safety |
| Health<br>- To provide an operational framework for environmental and community health | Maternal and Infant Health<br>Preventive Services<br>- Immunisation<br>- Meat Inspection<br>- Administration and Inspection<br>- Pest Control<br>- Other<br>Other Health |
| Education and Welfare<br>- To provide services to disadvantaged persons, the elderly, children and youth | Pre-School<br>Other Education<br>Care of Families and Children<br>Aged and Disabled<br>- Senior Citizens Centres<br>- Meals on Wheels<br>- Other<br>Other Welfare |
| Housing<br>- To provide and maintain housing | Staff housing<br>Other housing |
| Community Amenities<br>- To provide services required by the community | Sanitation<br>- Household Refuse<br>- Other<br>Sewerage<br>Urban Stormwater Drainage<br>Protection of Environment<br>Town Planning and Regional Development<br>Other Community Amenities |
| Recreation and Culture<br>- To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community | Public Halls, Civic Centres<br>Swimming Areas & Beaches<br>Other Recreation and Sport<br>Libraries<br>Heritage<br>Other Culture |
| Transport<br>- To provide safe, effective and efficient transport services to the community | Streets, Roads, Bridges, Depots<br>Road Plant Purchase (not capitalised)<br>Parking Facilities<br>Traffic Control |
| Economic Services<br>- To help promote the City and its economic wellbeing | Tourism and Area Promotion<br>Building Control<br>Saleyards and Markets<br>Other Economic Services |
| Other Property and Services<br>- To monitor and control the City's overheads | Private Works<br>General Administration Overheads<br>Public Works Overheads<br>Plant Operation<br>Salaries and Wages<br>Business Unit Operations<br>Unclassified<br>Town Planning Schemes |

## NOTE 33: FINANCIAL RATIOS

| | *2020-2021* | *2019-2020* | *2018-2019* |
|---|---|---|---|
| Current Ratio | 1.20 | 1.10 | 1.30 |
| Asset Consumption Ratio | 0.51 | 0.51 | 0.52 |
| Asset Renewal Funding Ratio | 1.00 | 1.00 | 1.00 |
| Asset Sustainability Ratio | 1.48 | 1.00 | 1.26 |
| Debt Service Cover Ratio | 45.25 | 65.61 | 66.96 |
| Operating Surplus Ratio | 0.003 | 0.061 | 0.088 |
| Own Source Revenue Coverage Ratio | 0.96 | 1.02 | 1.05 |

**Current Ratio**

Measures the short term (unrestricted) liquidity.

| *Ratio* | *Target* | *Actual* | *Comments* |
|---|---|---|---|
| Dept. of Local Government Advanced Benchmark | **1.0** Higher is better | **1.20** | The City is in a solvent position and has the ability to meet its liabilities (obligations) as and when they fall due out of unrestricted funds. |

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

$192.470 - $160.028 = $32.44 million
$29.933 - $2.798 = $27.13 million

[Numbers taken from the Statement of Financial Position and Reserves Note 18]

## NOTE 33: FINANCIAL RATIOS

### Asset Consumption Ratio

Measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.

| *Ratio* | *Target* | *Actual* | *Comments* |
|---|---|---|---|
| Dept. of Local Government Advanced Benchmark | **0.6** Higher is better | **0.51** | The City is investing in asset renewal to a level where it is in danger of slipping into a level where it will have difficulty maintaining the "aged" condition of its assets. |

Depreciated Replacement Cost of Depreciable Assets
Current Replacement Cost of Depreciable Assets

$ 559.830 million
$1,057.098 million

[Numbers taken from Note 15 -Property, Plant and Equipment and Infrastructure excluding non depreciable assets such as Land, Artwork and Work In Progress]

### Asset Renewal Funding Ratio

Measures the extent of investment in asset renewal to the degree that offsets the current consumption of its assets (1.00) and provides for the effect of inflation.

| *Ratio* | *Target* | *Actual* | *Comments* |
|---|---|---|---|
| Dept. of Local Government Advanced Benchmark | **0.95** Higher is better | **1.00** | The City is investing in asset renewal that offests the current consumption of its assets (1.00) and provides for the effect of inflation. |

NPV of Planned Capital Renewals Over 10 years
NPV of Required Capital Expenditure Over 10 Years

$180.933 million
$180.933 million

[Numbers taken from the Long Term Financial Plan]

## NOTE 33: FINANCIAL RATIOS

### Asset Sustainability Ratio

Measures whether assets are being replaced/renewed at the rate they are wearing out.

| *Ratio* | *Target* | *Actual* | *Comments* |
|---|---|---|---|
| Dept. of Local Government Advanced Benchmark | **1.1** Higher is better | **1.48** | The City is investing in asset renewal/replacement to the degree that offsets the current consumption of its assets and provides for the effect of inflation. |

Capital renewal and replacement expenditure
Depreciation Expense

$33.352 million
$22.519 million

[Numbers taken from Note 15(a), (b) and (d) - Additions and Depreciation]

### Debt Service Cover Ratio

Measures the ability to service debt out of its uncommitted or general purpose fund available for its operations.

| *Ratio* | *Target* | *Actual* | *Comments* |
|---|---|---|---|
| Dept. of Local Government Advanced Benchmark | **5.0** Higher is better | **45.25** | The City has the ability to pay for its debts when they are due. |

Annual Operating Surplus before interest and depreciation
Principal and Interest

$109.543 - $109.235 + $0.108 +$22.519 = $22.935 million
$0.399 + $0.108 = $0.507 million

[Annual Operating Surplus- Revenue minus expenditure including loss on asset disposal expenses before interest and depreciation from Statement of Comprehensive Income by Nature & Type and Principal and Interest in Note 17]

## NOTE 33: FINANCIAL RATIOS

### Operating Surplus Ratio

Measures the ability to cover its operational costs and have revenues available for capital funding or other purposes.

| *Ratio* | *Target* | *Actual* | *Comments* |
|---|---|---|---|
| Dept. of Local Government Advanced Benchmark | **0.15** Higher is better | **0.003** | The City is below the target for operating surplus ratio where it is in danger of slipping into a level where it will have difficulty maintaining both operational costs and asset capital funding. |

Operating Revenue minus Operating Expense
Own Source Operating Revenue

$109.543 - $109.235= $0.308 million
$104.350 million

[Numbers taken from Statement of Comprehensive Income by Nature & Type]

### Own Source Revenue Coverage Ratio

Measures the ability to cover operating expenses from own source revenue.

| *Ratio* | *Target* | *Actual* | *Comments* |
|---|---|---|---|
| Dept. of Local Government Advanced Benchmark | **0.9** Higher is better | **0.96** | The City has the ability to cover its own operating expenses from its own source revenue. |

Own Source Operating Revenue
Operating Expense

$104.350 million
$109.235 million

[Numbers taken from Statement of Comprehensive Income by Nature & Type]