



City of
Melville

ANNUAL REPORT 2009 - 2010



Annual Report 2009 - 2010



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CITY OF MELVILLE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

The attached Financial Report of the City of Melville being the Annual Financial Report and Supporting Notes and other information for the financial year ended 30th June 2010 are in my opinion properly drawn up to present fairly the financial position of the City of Melville at 30 June 2010 and the results of the operations of the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the *Local Government Act 1995* and the *Regulations* under that Act.



Dr Shayne Silcox
CHIEF EXECUTIVE OFFICER

19th October 2010

25 October 2010

Chief Executive Officer
City of Melville
10 Almondbury Road
BOORAGOON WA 6954

Dear Sir

RE: AUDIT REPORT 30 JUNE 2010

We enclose the Audit Report of the City of Melville for the year ended 30 June 2010.

We take this opportunity to thank your staff for their assistance during the course of the audit.

Yours faithfully



TONY MACRI (PARTNER)
CITY05

INDEPENDENT AUDITOR'S REPORT

TO: RATEPAYERS OF CITY OF MELVILLE

We have audited the financial report of the City of Melville, which comprises the Statement of Financial Position as at 30 June 2010 and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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


Auditor's Opinion

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


- (i) gives a true and fair view of the financial position of the City of Melville as at 30 June 2010 and of its financial performance for the year ended on that date; and
- (ii) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards (including the Australian Accounting Interpretations).

Statutory Compliance

We did not during the course of our audit become aware of any instances where the Council did not comply with the requirements of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).



MACRI PARTNERS
CERTIFIED PRACTISING ACCOUNTANTS
28 THOROGOOD STREET
BURSWOOD WA 6100



A MACRI
PARTNER

PERTH
DATED THIS 25th DAY OF OCTOBER 2010.

CITY OF MELVILLE
STATEMENT of COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2010

	Note	2009/10 Actual \$	2009/10 Budget \$	2008/09 Actual \$
Revenue	1,2			
Rates	14	43,367,005	43,903,000	47,594,432
Grants & Contributions	19	3,896,899	3,705,090	4,549,616
Fees & Charges	17	11,330,475	10,430,242	11,621,085
Service Charges	18	19,325,543	19,389,384	15,947,375
Investment Earnings	20	3,418,576	1,395,500	3,581,501
Other Revenue		2,368,536	1,779,151	1,865,072
		83,707,034	80,602,367	85,159,081
Expenses	1,2			
Employee Costs		(32,904,142)	(34,151,026)	(31,388,415)
Materials & Contracts		(21,601,595)	(23,911,223)	(20,226,957)
Utilities		(2,593,726)	(2,874,436)	(2,361,485)
Insurance		(1,055,303)	(1,078,697)	(1,508,373)
Depreciation	2(a)	(13,847,173)	(12,262,471)	(14,348,387)
Finance Costs	2(a)	(408,837)	(335,021)	(318,647)
Other Expenditure		(911,248)	(3,972,090)	(8,561,579)
		(73,322,024)	(78,584,964)	(78,713,843)
Grants/Contributions for the Development of Assets				
Grants and Contributions - non-operating	19	3,791,807	4,874,680	3,394,770
(Profit)/Loss on Disposal of Assets	10(c)			
Proceeds from Disposal of Assets		363,548	676,671	501,800
Asset Carrying Amount of Asset Disposal		(450,655)	(675,171)	(435,353)
		(87,107)	1,500	66,447
Other Revenue / Expenses				
Investments Gains / (Losses)	2(d)	1,448,851	-	(10,830,428)
Increase in Equity - SMRC Joint Venture	25	1,114,306	-	-
Asset Revaluation Adjustment - Units in Local Government House	4(d)	-	-	189,911
		2,563,157	-	(10,640,517)
NET RESULT		16,652,866	6,893,583	(734,062)
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	10(d)	(7,378,033)	-	(7,654,467)
Total Other Comprehensive Income		(7,378,033)	-	(7,654,467)
TOTAL COMPREHENSIVE INCOME		9,274,833	6,893,583	(8,388,529)

CITY OF MELVILLE
STATEMENT of COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2010

	Note	2009/10 Actual \$	2009/10 Budget \$	2008/09 Actual \$
Revenue	1,2			
Governance		1,707,549	999,400	1,200,392
General Purpose Funding		50,260,551	48,701,000	55,171,145
Law, Order, Public Safety		4,173,185	4,218,784	4,175,526
Health		165,299	138,878	162,886
Education & Welfare		1,050,606	974,930	938,713
Housing		72,889	55,335	62,207
Community Amenities		14,640,027	14,411,456	11,398,405
Recreation and Culture		9,178,438	10,336,888	9,959,375
Transport		5,517,272	5,160,476	4,943,520
Other Property and Services		645,918	481,399	608,129
		87,411,734	85,478,546	88,620,298
Expenses Excluding Finance Costs	1,2			
Governance		(14,592,061)	(23,545,805)	(13,562,960)
General Purpose Funding		237,638	(549,000)	(7,869,920)
Law, Order, Public Safety		(4,516,646)	(4,080,011)	(4,667,489)
Health		(735,155)	(670,642)	(700,369)
Education & Welfare		(4,875,577)	(3,480,265)	(4,028,524)
Housing		(39,438)	(21,025)	(39,295)
Community Amenities		(14,876,980)	(12,367,319)	(13,349,688)
Recreation and Culture		(22,796,096)	(18,151,297)	(23,780,970)
Transport		(8,153,762)	(5,919,547)	(7,280,477)
Economic Services		(104,168)	(94,144)	(140,707)
Other Property and Services		(2,460,942)	(9,402,387)	(2,974,798)
		(72,913,187)	(78,281,442)	(78,395,197)
Finance Costs				
Recreation and Culture	2(a)	(408,837)	(303,521)	(318,647)
		(408,837)	(303,521)	(318,647)
Other Revenue / Expenses				
Investments Gains / (Losses)	2(d)	1,448,851	-	(10,830,428)
Increase in Equity - SMRC Joint Venture	25	1,114,306	-	-
Asset Revaluation Adjustment - Units in Local Government House	4(d)	-	-	189,911
		2,563,157	-	(10,640,517)
NET RESULT		16,652,866	6,893,583	(734,062)
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Changes on Revaluation of Non-Current Assets	10(d)	(7,378,033)	-	(7,654,467)
Total Other Comprehensive Income		(7,378,033)	-	(7,654,467)
TOTAL COMPREHENSIVE INCOME		9,274,833	6,893,583	(8,388,529)

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

**CITY OF MELVILLE
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2010**

	Note	2009/10 Actual \$	2008/09 Actual \$
Current Assets			
Cash & Cash Equivalents	4(a)	35,132,536	17,313,738
Investments	5	11,692,673	15,810,761
Trade & Other Receivables	6	6,651,028	6,729,272
Inventories	7(a)	120,872	128,642
Other Assets	7(b)	211,189	366,681
Total Current Assets		53,808,298	40,349,094
Non Current Assets			
Trade & Other Receivables	6	3,549,415	5,233,924
Property, Plant & Equipment	10(a)	317,814,823	321,665,858
Infrastructure	10(a)	176,472,780	176,207,530
Investment Property	10(b)	10,292,330	10,292,692
Work in Progress		207,466	419,326
Other Financial Assets	4(d)	1,344,951	230,645
Total Non Current Assets		509,681,765	514,049,975
TOTAL ASSETS		563,490,063	554,399,069
Current Liabilities			
Trade & Other Payables	8	6,144,106	6,230,053
Provisions	9	4,411,173	4,676,181
Borrowings	11	1,824,378	297,888
Total Current Liabilities		12,379,656	11,204,122
Non Current Liabilities			
Trade & Other Payables	8	4,043,890	3,663,336
Borrowings	11	2,486,069	4,236,832
Provisions	9	654,729	643,892
Total Non Current Liabilities		7,184,688	8,544,060
TOTAL LIABILITIES		19,564,344	19,748,182
NET ASSETS		543,925,719	534,650,886
Equity			
Retained Surplus		229,625,758	220,472,846
Reserves - Cash / Investment Backed	12	52,684,412	45,184,457
Reserves - Asset Revaluation	12	261,615,549	268,993,583
TOTAL EQUITY		543,925,719	534,650,886

CITY OF MELVILLE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2010

	Note	RETAINED SURPLUS \$	RESERVES CASH/INVEST BACKED \$	RESERVES ASSET REVALUATION \$	TOTAL EQUITY \$
Balance as at 1 July 2008		233,202,222	33,189,144	276,648,049	543,039,415
Changes in Accounting Policy		-	-	-	-
Correction of Errors		-	-	-	-
Restated Balance		233,202,222	33,189,144	276,648,049	543,039,415
Net Result		(734,062)	-	-	(734,062)
Total Other Comprehensive Income		-	-	(7,654,467)	(7,654,467)
Transfers (To)/From Reserves	12	(11,995,314)	11,995,314	-	-
Balance as at 30 June 2009		220,472,846	45,184,458	268,993,582	534,650,887
Net Result		16,652,866	-	-	16,652,866
Total Other Comprehensive Income		-	-	(7,378,033)	(7,378,033)
Transfers (To)/From Reserves	12	(7,499,953)	7,499,953	-	-
Balance as at 30 June 2010		229,625,758	52,684,412	261,615,549	543,925,719

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

**CITY OF MELVILLE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2010**

	Note	2009/10 Actual \$	2009/10 Budget \$	2008/09 Actual \$
Cash Flows from Operating Activities				
Receipts				
Rates		45,637,941	43,903,000	44,986,269
Fees and Charges		11,253,726	15,893,527	11,657,233
Service Charges		19,325,543	14,905,350	15,947,376
Interest Received		3,083,517	1,394,676	3,422,311
Grants, Subsidies, Contributions and Donations		3,896,899	3,705,090	4,549,616
Goods and Services Tax		4,130,987	-	4,184,069
Other		2,524,028	1,779,151	3,426,094
		89,852,641	81,580,794	88,172,968
Payments				
Employee Costs		(32,948,705)	(34,135,829)	(31,104,643)
Materials and Contracts		(22,190,000)	(23,894,746)	(20,275,776)
Utility Charges		(2,593,726)	(2,874,436)	(2,361,485)
Insurance Costs		(1,055,303)	(1,078,697)	(1,508,373)
Interest Paid		103,644	(335,021)	(159,970)
Goods and Services Tax		(4,451,637)	-	(4,064,237)
Other		(530,695)	(3,972,090)	(7,853,387)
		(63,666,420)	(66,290,819)	(67,327,871)
Net Cash Provided by Operating Activities	ii	26,186,221	15,289,975	20,845,097
Cash Flows from Investing Activities				
Proceeds from Sale of Property and Equipment		363,548	676,671	501,800
Grants and Contributions for Asset Development		3,791,807	4,874,680	3,394,770
Payments for Purchase of Property, Plant and Equipment		(4,593,733)	(6,317,580)	(3,735,560)
Payments for construction/Acquisition of Infrastructure		(13,495,983)	(15,022,344)	(9,192,532)
Net Cash used in Investing Activities		(13,934,361)	(15,788,571)	(9,031,522)
Cash Flows from Financing Activities				
Repayment of Self-Supporting Loan Principal		(307,274)	(290,319)	(290,059)
Self-Supporting Loan Principal Received		307,274	290,319	291,211
New Loan Proceeds		83,000	-	100,000
Net Cash Provided by (Used In) Financing Activities		83,000	-	101,152
Net Increase / (Decrease) in Cash Held		12,334,860	(498,598)	11,914,727
Cash at Beginning of Year		17,313,742	10,949,459	2,353,567
Increase / (Decrease) in Investments		5,483,934	-	3,045,447
Cash and Cash Equivalents at the End of Year	i	35,132,536	10,450,860	17,313,742

Note : Cash equivalents in the opening and closing balances of actuals include Restricted Funds.

**CITY OF MELVILLE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2010**

i. 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:		
	2009/10 Actual \$	2008/09 Actual \$
Cash and Cash Equivalents	35,132,536	17,313,742
Net Cash at End of Year	35,132,536	17,313,742
ii. Reconciliation of Net Cash Provided by Operating Activities to Net Result		
Net Result	16,652,866	(734,062)
Add / (Less) Non-Cash / Non-Operating Items		
Depreciation	13,847,173	14,348,387
(Profit)/Loss on Disposal of Assets	87,107	(66,447)
Asset Revaluation Adjustment (Unit in Local Govt House)	-	(189,911)
Grants & Contributions for the Development of Assets	(3,791,807)	(3,394,770)
Investments Unrealised (Gains) / Losses	(1,448,851)	10,830,428
Increase in Equity - SMRC Joint Venture	(1,114,306)	-
Changes in Assets & Liabilities During the Financial Year:		
(Increase)/Decrease in Accrued Income	(335,058)	(159,189)
(Increase)/Decrease in Accrued Expenses	209,608	133,332
(Increase)/Decrease in Accrued Interest Payable	512,482	158,677
(Increase)/Decrease in Current Receivables	413,303	(2,723,946)
(Increase)/Decrease in Non-Current Receivables	1,684,509	569,529
(Increase)/Decrease in Work in Progress	211,862	-
Increase/(Decrease) in Current Creditors	718,453	(43,138)
Increase/(Decrease) in Non-Current Creditors	(1,370,210)	383,612
(Increase)/Decrease in Inventory	7,770	21,133
Increase/(Decrease) in Provision for Employee Entitlements	(254,171)	150,440
(Increase)/Decrease in Prepayments	155,492	1,561,022
Net Cash Provided by Operating Activities	26,186,221	20,845,096

CITY OF MELVILLE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2010

	2009/10 Actual \$	2009/10 Budget \$	2008/09 Actual \$
Revenues			
Governance	1,707,549	999,400	1,200,392
General Purpose Funding	6,893,547	4,796,500	7,582,841
Law, Order, Public Safety	4,173,185	4,218,784	4,175,526
Health	165,299	138,878	162,886
Education & Welfare	1,050,606	974,930	938,713
Housing	72,889	55,335	62,207
Community Amenities	15,754,333	14,411,455	11,392,276
Recreation and Culture	9,178,438	10,336,888	9,959,375
Transport	5,517,272	5,160,476	4,943,520
Other Property and Services	645,918	481,401	608,131
	45,159,035	41,574,048	41,025,867
Expenses			
Governance	(14,592,061)	(23,545,806)	(13,562,960)
General Purpose Funding	1,686,489	(549,000)	(18,700,349)
Law, Order, Public Safety	(4,516,646)	(4,080,011)	(4,667,489)
Health	(735,155)	(670,642)	(700,369)
Education & Welfare	(4,875,577)	(3,480,265)	(4,028,524)
Housing	(39,438)	(21,025)	(39,295)
Community Amenities	(14,876,980)	(12,367,319)	(13,349,688)
Recreation and Culture	(23,204,934)	(23,734,956)	(24,099,615)
Transport	(8,153,762)	(5,919,547)	(7,280,477)
Economic Services	(104,168)	(94,144)	(140,707)
Other Property and Services	(2,460,942)	(4,122,249)	(2,974,798)
	(71,873,174)	(78,584,964)	(89,544,271)
Adjustments for Cash Budget Requirements			
Non-Cash Revenue & Expenditure			
(Profit)/Loss on Asset Disposals	87,107	(1,500)	(66,447)
Depreciation on Assets	13,847,173	12,262,471	14,348,387
Investments Impaired	(1,448,851)	-	10,830,428
Increase in Equity - SMRC Joint Venture	(1,114,306)	-	-
Movement in Self Supporting Loan Repayments	4,243	5,466	(1,152)
Movement in Deferred Rates	(66,255)	-	(22,869)
Movement in Non-Current Provisions	10,837	-	(229,325)
	11,319,949	12,266,437	24,859,022
Capital Revenue & Expenditure			
Purchase of Furniture & Equipment	(1,745,344)	(1,011,125)	(912,724)
Purchase of Plant & Equipment	(1,302,284)	(1,434,334)	(2,102,825)
Purchase of Land & Buildings	(1,546,105)	(3,834,617)	(720,012)
Purchase of Infrastructure Assets	(13,495,983)	(12,005,403)	(8,670,646)
Proceeds from Disposal of Assets	363,548	676,671	501,800
Repayment of Debentures	(307,274)	(290,319)	(290,059)
Self-Supporting Loan Principal Revenue	303,032	284,853	291,211
Transfers TO Reserves	(12,999,285)	(4,924,960)	(11,168,790)
Transfers FROM Reserves	15,318,868	10,956,944	9,387,829
Carry Forward Reserve Transfers	(9,819,536)	(9,197,230)	(10,214,353)
	(25,230,364)	(20,779,520)	(23,898,569)
ADD : Surplus/(Deficit) - July 1 B/Fwd	1,842,681	1,621,000	1,806,200
LESS : (Surplus)/Deficit - June 30 C/Fwd	(4,585,133)	-	(1,842,681)
Amount Required to be Raised from Rates	(43,367,007)	(43,903,000)	(47,594,432)

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), other mandatory professional reporting requirements and the Local Government Act 1995 (as amended) and accompanying regulations. The report has also been prepared on the accrual basis under the convention of historical cost accounting modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 13 to these financial statements.

(c) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity 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.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the balance sheet.

(d) Superannuation

The Council contributes to the Local Government Superannuation Scheme and to other Occupational Superannuation Funds. These funds are defined contribution schemes and Council has no further liability in respect of these funds.

Contribution to defined contribution plans are recognised as expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(e) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Balance Sheet are stated inclusive of applicable GST.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Trades and Other Receivables

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

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

(g) Inventories

General

Inventories are valued at the lower of cost or 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.

Inventories held from trading are classified as current even if not expected to be realised in the next 12 months.

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development expenses and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the operating statement as at the time of signing a binding contract of sale.

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

(h) Fixed Assets

Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed includes the cost of all materials, direct labour and variable and fixed overhead.

Revaluation

Buildings are re-valued on a five yearly cycle and are recorded at fair value. This includes an allowance for the expired portion of each building's estimated useful life. The valuation was undertaken by Mr John Harvey of Australian Valuation Partners, in April 2007 as part of a scheduled revaluation cycle.

Artworks are re-valued on a two yearly cycle and are recorded at current replacement value. The valuation was undertaken by Simon Walsh of Gallery 360, in March 2007 as part of a scheduled revaluation cycle.

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

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

CITY OF MELVILLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land Under Roads

Acquired on or before 30 June 2008 -

Council has elected not to recognise the value of land under roads acquired on or before 30 June 2008 in accordance with AASB 1051.

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

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

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

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

Appreciation / Depreciation of Non-Current Assets

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

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

Artworks	Not Depreciated
Buildings	40 - 80 Years & Revalued on a 4 Yearly Basis
Buildings - Investment Properties	40 - 80 Years & Revalued on a 4 Yearly Basis
Buildings - Heritage	Not Depreciated
Land	Not Depreciated & Revalued on a 4 Yearly Basis
Land - Investment Properties	Not Depreciated & Revalued on a 4 Yearly Basis
Computer Equipment	3 to 4 Years
Electronic Equipment	3 to 4 Years
Furniture and Fittings	10 Years
Lighting	10 Years
Playground Equipment	10 - 15 Years
Property Improvements	10 Years
Mobile Plant (Light & Heavy Fleet)	1 - 10 Years
Plant & Equipment	2 - 8 Years
Other Improvements	5 - 10 Years
Infrastructure - Drainage	80 Years
Infrastructure - Footpaths	30 - 50 Years
Infrastructure - Irrigation Systems	20 Years
Infrastructure - Parks	Not Depreciated
Infrastructure - Roads	50 Years
Infrastructure - Street Furniture	20 Years

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets

Classification

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and Derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent Measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when Council's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

(j) Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(k) Impairment

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

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 "Impairment of Assets" and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(l) Trade and Other Payables

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

(m) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the municipality has a present obligation to pay resulting from employees services provided to balance date. The provision has been calculated at nominal amounts been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(n) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

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.

(o) Provisions

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(p) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the company, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

(q) Rates, Grants, Donations and Other Contributions

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 4(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Interest Rate Risk

Information on interest rate risk as it applies to financial instruments is disclosed in Note 27.

(s) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to and forming part of the financial report.

(t) Liquidity Risk

The Council's liquidity risk is managed via the use of its cash and cash equivalent balances, other financial assets and borrowing policy.

(u) Interest in Joint Venture

Interest in Joint Venture is accounted for by applying the equity method. Under this method of accounting interest in a jointly controlled entity is initially recorded at cost and adjusted thereafter for the post-acquisition change in the venturer's share of net assets of the jointly controlled entity. For further details, refer to Note 25.

(v) Rounding Off Figures

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

(w) Comparative Figures

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

(x) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if its expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on the Council's intentions to release for sale.

(y) Budget Comparative Figures

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

CITY OF MELVILLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2010.

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

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB 9– Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii)	AASB 124– Related Party Disclosures	December 2009	01 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the Standard.
(iii)	AASB 2009-5 - Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	May 2009	01 January 2010	Nil – The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.
(iv)	AASB 2009-8 - Amendments to Australian Accounting Standards – Group Cash – Settled Share-based Payment Transactions [AASB 2]	July 2009	01 January 2010	Nil - The Council will not have applicable transactions
(v)	AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.
(vi)	AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (ii) above).
(vii)	AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]	December 2009	01 July 2010	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2010- 1 Amendment to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosure for First-time Adopters [AASB 1 & AASB 7]	February 2010	01 July 2010	

**CITY OF MELVILLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(vii) (Continued)			
AASB 2009- 10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB132]	October 2009	01 February 2010	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
Interpretation 19– Extinguishing Financial Liabilities with Equity Instruments	December 2009	01 July 2010	
AASB 2009– 14 Amendments to Australian Interpretations – Prepayments of a minimum Funding Requirement [AASB Interpretation 14] Notes:	December 2009	01 January 2011	

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

(zi) Adoption of New and Revised Accounting Standards

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

The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of the Council.

AASB 101: Presentation of Financial Statements

In September 2007, the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Council's financial statements.

Disclosure Impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required owner changes in equity and other comprehensive income to be presented in the statement of changes in equity.

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either a single statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Council has adopted the single statement approach and the financial statements now contain a statement of comprehensive income.

Other Comprehensive Income – The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises income and expenses not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

2. OPERATING REVENUES AND EXPENSES

(a) Net Result:

	2009/10 Actual \$	2009/10 Budget \$	2008/09 Actual \$
(i) Charging as Expenses:			
Significant Expense			
General Purpose Funding*	-	-	10,830,428
*This significant expense relates to the reduction in the face value of Council's investments (refer to Note 4 for further details)			
Depreciation			
<u>By Class</u>			
Infrastructure	5,615,489	5,538,623	5,539,105
Building	4,065,092	2,589,075	4,148,968
Mobile Plant	1,836,511	2,468,435	1,871,869
Plant & Equipment	1,225,001	1,087,474	1,267,521
Computer Equipment	845,922	353,621	1,203,886
Furniture & Fittings	259,158	225,243	317,038
	13,847,173	12,262,471	14,348,387
Borrowing Costs Expense	408,837	303,521	318,647
Auditors Remuneration	19,750	22,000	18,725
Profit/(Loss) on Sale of Non-Current Assets	(87,107)	1,500	66,447
(ii) Crediting as Revenues			
Significant Revenue			
General Purpose Funding*	1,448,851	-	-
Community Amenities [#]	1,114,306	-	-
This significant revenue relates to:			
*The appreciation in the face value of Council's investments (refer to Note 5 for further details)			
[#] The recognition of Council's interest in its Joint Venture with the SMRC (refer to Note 25 for further details)			
Interest Earnings			
<u>Investments</u>			
Reserve Funds	1,156,205	275,000	1,266,277
Other Funds	2,262,348	1,120,500	2,314,934
Other Interest Revenue	22	-	290
	3,418,576	1,395,500	3,581,501

CITY OF MELVILLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

3. DISCLOSURE REQUIREMENTS

Statement of Objective

In order to discharge its responsibilities to the community, the City has developed a set of operational and financial objectives. These have been established both on an overall basis and for each of its broad activities/programmes.

Program Titles	Objectives/Activities Included Within the Program
Governance	Members of Council Administration General Corporate Support Services Financial Services Information Technology & Information Services Management Services Employee Services Corporate Services Strategic Services
General Purpose Funding	Rates, general purpose government grants and interest revenue
Law, Order, Public Safety	Fire Prevention Animal Control Pound Maintenance Other Control Expenses Other Law, Order, Public Safety Emergency Services Community Security Services Neighbourhood Watch Supervision of Various By Laws
Health	Maternal and Infant Health Child Health Centres Preventive Services Immunisation Food Inspection Pest Control Other
Education & Welfare	Pre-School Pre-school Maintenance School ground Maintenance School Prizes, Donations etc. Care of Families and Children Child Care Centres, Day Care Centres & Play Centres Aged & Disabled Senior Citizen Centres Meals on Wheels Service Community Bus - Disabled Persons Respite Workshop Family Support Program HACC Facility Maintenance Other Welfare Multicultural Program Social English Club Other

CITY OF MELVILLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

3. DISCLOSURE REQUIREMENTS (Continued)

Program Titles	Objectives/Activities Included Within the Program
Housing	Housing other POS housing/rental properties
Community Amenities	Sanitation Household Refuse Collection Recycling Program Commercial Refuse Collection Protection of the Environment Noise Control Removal of Derelict & Abandoned Vehicles Reserve Construction Town Planning & Regional Development Other Community Amenities
Recreation and Culture	Public Halls, Civic Centres Swimming Areas & Beaches Melville Aquatic Centre Leeming Aquatic Centre Foreshore Building & Area Maintenance Other Recreation & Sport Parks & Reserves Maintenance Leeming Recreation Centre Point Walter Golf Course Melville Recreation Centre Other Recreation and Sports Programs Libraries Other Culture Wireless Hill Museum Local Heritage Project Art Exhibition Community Arts Program Historical Projects Tourism & Area Promotion
Transport	Construction of Streets/Roads/Operations Centre(non-capitalised items) Maintenance Streets/Roads/Operations Centre Parking Facilities
Economic Services	Building Control Building Control - General Swimming Pool Inspection
Other Property and Services	Design Services Public Works Overheads Plant Operation Costs Unclassified

CITY OF MELVILLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

4. CASH and CASH EQUIVALENTS

	2009/10 Actual \$	2008/09 Actual \$
(a) Current Assets		
Cash on Hand	8,300	8,988
Cash at Bank	3,082,494	10,304,750
Term Deposits	32,041,742	7,000,000
Cash and Cash Equivalents	35,132,536	17,313,738
Investments	11,692,673	15,810,761
*See Note 5	46,825,210	33,124,499
Represented by		
Restricted Funds	36,934,021	27,613,805
Unrestricted Funds	9,891,189	5,510,694
*See Note 12 & Note 13	46,825,210	33,124,499
(b) Restricted Funds		
The following restrictions have been imposed by regulations or other externally imposed requirements:		
(a) Reserve funds	33,007,086	24,058,280
(b) Restricted Funds	3,926,935	3,555,525
Total Restricted Funds	36,934,021	27,613,805
*See Note 12 & Note 13		
(c) Conditions Over Contributions		
Grants which were recognised as revenues during the reporting year and which have not been expended as specified by the contributor have been carried forward to the new financial year	1,600,321	2,078,069
Grants which were carried forward from last year and expended during the reporting year	2,078,069	857,755
(d) Non-Current Assets		
Investments are made in accordance with the Western Australian Trustees Act 1962 and the Western Australian Trustees Amendment Act 1997. Investments were held in the following categories:		
Units (10) held in Local Government House	230,645	230,645
Equity - SMRC Joint Venture	1,114,306	-
Total Other Financial Assets	1,344,951	230,645

CITY OF MELVILLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

5. INVESTMENTS

	2009/10 Actual \$	2008/09 Actual \$
Available For Sale - Financial Assets	10,243,822	26,641,189
Appreciation/(Devaluation) to Income Statement	1,448,851	(10,830,428)
	11,692,673	15,810,761
Available For Sale - Financial Assets		
ADIs	8,827,335	12,890,625
CDOs	1,715,338	1,788,844
Capital Guaranteed Note	1,150,000	1,131,292
	11,692,673	15,810,761

Due to the absence of an active market for Collateralised Debt Obligation (CDO) investments and the ongoing uncertainty in financial markets in general, the City has chosen to take a very conservative approach when valuing its CDO investments as at 30 June 2010.

CDO valuations shown in the accounts are based on the lowest applicable valuation after comparing information obtained from Denison Financial Advisory (Council's current independent financial adviser), CPG Research & Advisory (Council's former independent financial adviser) and the values that were used as at 30 June 2009.

CDO valuations for June 2010 from Denison were based on valuations available as at 31 August 2010. They show that Council's CDO investment had a current market value of \$5,726,384 against a face value of \$21,220,000.

Non Lehmann Brothers arranged CDOs continue to pay their coupon payments and this is expected to continue. Based on independent advise from Denison, the City's policy is to continue to hold these investments to maturity unless opportunities to sell at realistic values are presented.

The values ascribed to Authorised Deposit Taking Institutions (ADI) and Capital Guaranteed Note (CAP) investments by Denison are based on reliable market evidence. The valuations do however assume that the City will be required to sell these investments prior to maturity. The City has no intention to do so and is in a position to be a holder to maturity of these investments, at which time it will receive the full face value for those investments.

To date, \$11.5 million of Council's original \$17.5 million ADIs have been repurchased at their full face value by the issuing banks. The City expects that the remainder ADIs and CAP will be repurchased over the next 24 months.

CITY OF MELVILLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

6. TRADE AND OTHER RECEIVABLES

		2009/10 Actual \$	2008/09 Actual \$
Current			
Rates Outstanding		2,552,742	4,889,933
Sundry Debtors	876,483		
Less: Provision for Bad and Doubtful Debts	(95,765)	780,718	703,969
Goods and Services Tax Refund		823,398	502,748
Accrued Income		669,792	334,734
Loans - Clubs and Institutions		1,824,378	297,888
		6,651,028	6,729,272
Non-Current			
Deferred Rates - Pensioners *		1,063,346	997,092
Loans - Clubs and Institutions		2,486,069	4,236,832
* Amounts deferred by eligible pensioners in accordance with the Rates and Charges (Rebates and Deferments) Act 1992.		3,549,415	5,233,924

7. INVENTORIES AND OTHER ASSETS

		2009/10 Actual \$	2008/09 Actual \$
(a) INVENTORIES			
Fuel and Materials at Cost		120,872	128,642
		120,872	128,642
(b) OTHER ASSETS			
Prepayments		211,189	366,681
		211,189	366,681

8. TRADE AND OTHER PAYABLES

		2009/10 Actual \$	2008/09 Actual \$
Current			
Creditors		3,775,914	4,583,951
Accrued Interest		97,623	102,842
Accrued Salaries and Wages		895,830	686,222
Amount Received in Advance		1,374,739	857,038
		6,144,106	6,230,053
Non-Current			
Bonds/Deposits		3,926,935	3,555,526
Creditors		116,955	107,810
		4,043,890	3,663,336

9. PROVISIONS

		2009/10 Actual \$	2008/09 Actual \$
Current			
Provision for Annual Leave		2,039,646	2,237,866
Provision for Long Service Leave		2,371,527	2,438,315
		4,411,173	4,676,181
Non-Current			
Provision for Long Service Leave		480,998	470,161
Provision for Sick Leave		173,731	173,731
		654,729	643,892

CITY OF MELVILLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

10. PROPERTY, PLANT and EQUIPMENT and INFRASTRUCTURE

(a) Property, Plant and Equipment and Infrastructure

	2009/10 Actual \$	2008/09 Actual \$
Land		
At Valuation	208,424,863	208,424,863
Closing Written Down Value	208,424,863	208,424,863
Buildings		
At Valuation	119,813,017	118,566,912
less Accumulated Depreciation	(28,487,672)	(24,834,939)
Closing Written Down Value	91,325,345	93,731,973
Plant and Equipment		
At cost	15,302,176	14,344,443
less Accumulated Depreciation	(6,439,050)	(5,241,257)
Closing Written Down Value	8,863,126	9,103,186
Electronic Equipment		
At cost	563,054	599,134
less Accumulated Depreciation	(458,872)	(489,012)
Closing Written Down Value	104,182	110,122
Furniture and Fittings		
At cost	3,463,014	3,541,278
less Accumulated Depreciation	(2,268,066)	(2,157,030)
Closing Written Down Value	1,194,949	1,384,248
Computer Equipment		
At cost	4,768,115	4,870,346
less Accumulated Depreciation	(4,108,810)	(3,824,366)
Closing Written Down Value	659,305	1,045,980
Property Improvements		
At Valuation	1,375,523	1,369,911
less Accumulated Depreciation	(1,088,422)	(976,423)
Closing Written Down Value	287,101	393,488
Mobile Plant		
At cost	13,809,437	13,508,712
less Accumulated Depreciation	(7,641,187)	(6,505,957)
Closing Written Down Value	6,168,250	7,002,755
Artworks		
At Valuation	788,158	473,356
less Accumulated Depreciation	(455)	(4,115)
Closing Written Down Value	787,702	469,241
Infrastructure - Roads		
Revaluation as at 30 June 2010	186,922,205	179,628,596
less Depreciation	(74,027,507)	(70,296,485)
Closing Written Down Value	112,894,698	109,332,111

CITY OF MELVILLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

(a) Property, Plant and Equipment and Infrastructure (continued)

	2009/10 Actual \$	2008/09 Actual \$
Infrastructure - Drains		
Revaluation as at 30 June 2010	46,991,895	47,187,054
less Depreciation	(17,218,499)	(16,526,829)
Closing Written Down Value	29,773,396	30,660,225
Infrastructure - Footpath		
Revaluation as at 30 June 2010	37,008,962	25,990,812
less Depreciation	(18,283,515)	(2,404,036)
Closing Written Down Value	18,725,447	23,586,776
Infrastructure - Parks		
Revaluation as at 30 June 2010	5,409,659	3,101,389
Closing Written Down Value	5,409,659	3,101,389
Infrastructure - Street Furniture		
Revaluation as at 30 June 2010	5,966,623	6,155,125
less Depreciation	(3,331,619)	(1,085,175)
Closing Written Down Value	2,635,004	5,069,950
Infrastructure - Irrigation Systems		
Revaluation as at 30 June 2010	13,426,696	11,425,121
less Depreciation	(6,392,120)	(6,968,042)
Closing Written Down Value	7,034,576	4,457,079
Total Property, Plant and Equipment and Infrastructure		
At Cost/Valuation or Revaluation as at 30 June 2010	664,033,397	639,187,052
less Depreciation	(169,745,794)	(141,313,666)
Closing Written Down Value	494,287,603	497,873,386

(b) Investment Property

	2009/10 Actual \$	2008/09 Actual \$
Investment Property : Land		
Revaluation as at 30 June 2010	10,250,000	10,250,000
Closing Written Down Value	10,250,000	10,250,000
Investment Property : Buildings		
Revaluation as at 30 June 2010	345,000	45,000
less Accumulated Depreciation	(302,670)	(2,308)
Closing Written Down Value	42,330	42,692
Total Investment Property		
At Revaluation as at 30 June 2009	10,595,000	10,295,000
less Depreciation	(302,670)	(2,308)
Closing Written Down Value	10,292,330	10,292,692

Revaluation of Assets

Infrastructure assets (roads, drains, footpaths, parks, irrigation and street furniture) are re-valued annually at 30 June to the depreciated current replacement cost. Infrastructure assets are valued by Council's engineering department using known replacement costs for each category of infrastructure asset and physical inspection to establish age, remaining useful life and condition. For 09/10 this has resulted in a net transfer from the asset revaluation reserve of \$7,617,622.

Artworks was also undertaken this year to ensure accuracy of the carrying value of the asset. For 09/10 this has resulted in a net transfer to the asset revaluation reserve of \$239,589.

CITY OF MELVILLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

(c) Disposal of Assets

	Net Book Value (\$)		Sale Proceeds (\$)		Profit / (Loss) (\$)	
	Actual	Budget	Actual	Budget	Actual	Budget
Artworks	5,079	-	-	-	(5,079)	-
Electronic Equipment	66	-	300	-	234	-
Mobile Plant and Vehicles	295,895	675,171	341,022	675,171	45,127	-
Plant & Equipment	46,207	-	-	-	(46,207)	-
Furniture & Fittings	103,141	-	22,226	-	(80,915)	-
Computer Equipment	267	-	-	1,500	(267)	1,500
Total	450,655	675,171	363,548	676,671	(87,107)	1,500

(d) Summary of Asset Movements

	Balance as at 01/07/2009	Additions	Disposals	Transfers, Adjustments &Revaluations	Depreciation	Balance as at 30/06/2010
Artworks	469,241	84,952	5,079	239,589	1,001	787,702
Buildings	93,731,973	1,546,105	-	(193,312)	3,759,420	91,325,346
Computer Equipment	1,045,980	391,431	267	(1,666)	776,173	659,305
Drains	30,660,225	112,163	-	(405,937)	593,055	29,773,396
Electronic Equipment	110,122	63,874	66	-	69,748	104,182
Footpath	23,586,776	1,241,487	-	(5,577,129)	525,687	18,725,447
Furniture & Fittings	1,384,248	173,000	103,141	(11)	259,147	1,194,949
Irrigation System	4,457,079	2,003,490	-	1,148,598	574,591	7,034,576
Land	208,424,863	-	-	-	-	208,424,863
Mobile Plant	7,002,756	1,302,284	295,895	(210)	1,840,685	6,168,250
Parks	3,101,389	2,445,292	-	(137,022)	-	5,409,659
Plant & Equipment	9,103,187	1,026,474	46,207	(451)	1,219,876	8,863,126
Property Improvement	393,488	5,613	-	-	111,999	287,102
Roads	109,332,111	7,285,601	-	(110,356)	3,612,657	112,894,698
Street Furniture	5,069,950	407,950	-	(2,533,398)	309,498	2,635,004
	497,873,388	18,089,716	450,655	(7,571,304)	13,653,540	494,287,603
Investment Property :						
Buildings	42,692	-	-	193,271	193,633	42,330
Land	10,250,000	-	-	-	-	10,250,000
	10,292,692	-	-	193,271	193,633	10,292,330
	508,166,080	18,089,716	450,655	(7,378,033)	13,847,173	504,579,933

CITY OF MELVILLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

11. BORROWINGS

	2009/10 Actual \$	2008/09 Actual \$
Current		
Borrowings - Current Portion	1,824,378	297,888
Non-Current Loans		
Borrowings - Non-Current Portion	2,486,069	4,236,832
Total	4,310,447	4,534,720

(a) Details of Loan Liability

Program / Sporting Body	Loan No	Principal 1 July 2009	(Loans Discharged) New Loans	Interest \$		Principal Repayment		Principal \$ 30 June 2010
				Budget	Actual	Budget	Actual	
Recreation and Culture								
Applecross Tennis Club	372	89,200	-	5,703	5,861	8,718	8,718	80,481
Melville Theatre Co	378	2,153	-	73	73	2,153	2,153	0
Kardinya Bowling Club	379	274,253	-	19,668	26,114	18,162	18,162	256,091
Melville Glades Golf Club	382	844,466	-	58,318	82,376	41,343	41,343	803,123
Melville Glades Golf Club	383	856,071	-	68,755	96,346	35,081	35,081	820,991
Blue Gum Park Tennis Club	392	46,678	-	2,652	2,665	22,599	22,599	24,077
Melville Glades Golf Club	393	801,694	-	57,062	79,646	46,773	46,773	754,921
Melville Bowling Club	394	75,252	-	4,659	5,441	11,806	11,806	63,446
Kardinya Sports Association	397	6,729	-	283	283	6,729	6,729	0
Leeming Sport Association	398	203,858	-	12,555	15,911	9,480	9,480	194,378
Tompkins Park Community and Recreational Association	399	413,503	-	24,773	24,839	10,720	10,720	402,784
Melville Hockey Club	400	211,157	-	12,448	14,311	14,098	14,098	197,059
Leeming Bowling & Recreation Club	403	125,920	-	7,694	10,764	5,070	5,070	120,850
Mt Pleasant Bowling Club	404	280,467	-	15,095	19,445	37,002	37,002	243,466
Bull Creek Tennis Club	406	79,320	-	4,480	4,693	3,001	3,001	76,318
Mt Pleasant Bowling Club	407	124,000	-	8,741	11,116	17,178	17,178	106,822
Kardinya Bowling Club	408	100,000	-	6,143	6,492	7,482	7,482	92,518
New Loans Raised								
Leeming Bowling & Recreation Club (3 years @ 4.86%) - for converting two existing grass greens to synthetic greens.	409	-	63,000	-	2,311	-	9,879.99	53,120
Brentwood Booragoon Football Club (3 years @ 5.52%) - for the Floodlighting upgrade at Karoonda Reserve.	410	-	20,000	-	152	-	-	20,000
Loan taken out with WATC (Western Australia Treasury Corporation)								
Total		4,534,720	83,000	309,102	408,837	297,395	307,274	4,310,447

CITY OF MELVILLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

12. RESERVES

	2009/10 Actual \$	2009/10 Budget \$	2008/09 Actual \$
Cash & Investment Backed Reserves			
Applecross Underground Power and Streetscape Enhancement Reserve			
To be used for underground power projects and streetscape enhancements in the suburb of Applecross.			
Opening Balance	71,756	70,598	68,795
Transfer to Reserve	-	-	-
Transfer to Reserve - Investment Earnings	2,163	653	2,961
Transfer from Reserve	-	-	-
	73,919	71,251	71,756
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.			
Opening Balance	82,988	81,826	79,563
Transfer to Reserve	-	-	-
Transfer to Reserve - Investment Earnings	2,501	757	3,425
Transfer from Reserve	-	-	-
	85,489	82,583	82,988
Commercial Refuse Reserve			
To be used for the acquisition and replacement of commercial refuse bins, plant and equipment used for commercial waste operations and the development of commercial waste collection opportunities.			
Opening Balance	142,537	133,157	-
Transfer to Reserve	213,670	-	139,534
Transfer to Reserve - Investment Earnings	7,517	1,232	3,003
Transfer from Reserve	-	-	-
	363,724	134,389	142,537
Community Facilities Reserve			
To be used for the provision of new, renewed or upgraded community facilities owned by the City of Melville.			
Opening Balance	9,471,001	8,587,754	8,396,259
Transfer to Reserve	1,927,119	-	678,659
Transfer to Reserve - Investment Earnings	285,473	79,467	396,083
Transfer from Reserve	-	-	-
	11,683,593	8,667,221	9,471,001
Community Surveillance & Security Service 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	213,326	-	-
Transfer to Reserve	585,967	86,110	208,832
Transfer to Reserve - Investment Earnings	15,261	-	4,494
Transfer from Reserve	(39,017)	-	-
	775,537	86,110	213,326

CITY OF MELVILLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

12. RESERVES

Cash & Investment Backed Reserves	2009/10 Actual \$	2009/10 Budget \$	2008/09 Actual \$
Information Technology Reserve To be used to fund the acquisition and replacement of computer software and information technology hardware.			
Opening Balance	2,107,441	1,760,277	1,718,271
Transfer to Reserve	-	-	308,570
Transfer to Reserve - Investment Earnings	63,522	16,289	80,600
Transfer from Reserve	-	-	-
	2,170,963	1,776,566	2,107,441
Land and Property Reserve To be used to fund land and property purchases within the City of Melville.			
Opening Balance	8,017,032	7,261,575	5,381,310
Transfer to Reserve	1,879,798	1,855,000	2,353,447
Transfer to Reserve - Investment Earnings	291,776	67,195	282,275
Transfer from Reserve	(480,735)	-	-
	9,707,871	9,183,770	8,017,032
Leave Entitlements Reserve To be used to fund annual, sick and long service leave entitlements accrued in previous financial years.			
Opening Balance	1,545,320	1,518,104	1,481,550
Transfer to Reserve	-	-	-
Transfer to Reserve - Investment Earnings	46,579	14,048	63,770
Transfer from Reserve	-	-	-
	1,591,899	1,532,152	1,545,320
Mount Pleasant Underground Power To be used for underground power projects and streetscape enhancements in the suburb of Mount Pleasant.			
Opening Balance	-	-	-
Transfer to Reserve	698,741	-	-
Transfer to Reserve - Investment Earnings	-	-	-
Transfer from Reserve	(698,741)	-	-
	-	-	-
Parking Facilities Reserve To be used to fund the provision, refurbishment or improvement of parking facilities and equipment.			
Opening Balance	99,392	97,785	95,290
Transfer to Reserve	-	-	-
Transfer to Reserve - Investment Earnings	2,996	905	4,102
Transfer from Reserve	-	-	-
	102,387	98,690	99,392
Plant Replacement Reserve To be used to fund the purchase of replacement motor vehicles and plant, including waste collection trucks.			
Opening Balance	2,074,381	1,774,014	590,062
Transfer to Reserve	2,000,000	2,000,000	2,149,514
Transfer to Reserve - Investment Earnings	82,181	16,416	56,134
Transfer from Reserve	(695,798)	(631,146)	(721,329)
	3,460,764	3,159,284	2,074,381

CITY OF MELVILLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

12. RESERVES

Cash & Investment Backed Reserves	2009/10 Actual \$	2009/10 Budget \$	2008/09 Actual \$
Public Open Space Reserve To be used to fund the purchase, development and redevelopment of Public Open Space, Parks and Reserves.			
Opening Balance	2,241,650	826,647	435,916
Transfer to Reserve	900,304	400,000	1,749,323
Transfer to Reserve - Investment Earnings	60,892	7,649	56,411
Transfer from Reserve	(1,343,221)	(530,000)	-
	1,859,625	704,296	2,241,650
Refuse Bins Reserve To be used for the purchase and replacement of domestic refuse bins.			
Opening Balance	785,029	693,539	616,928
Transfer to Reserve	170,000	170,000	170,000
Transfer to Reserve - Investment Earnings	24,523	6,418	29,536
Transfer from Reserve	(112,872)	(120,000)	(31,435)
	866,680	749,957	785,029
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 tip sites operated by the City of Melville.			
Opening Balance	2,907,977	3,444,283	3,356,316
Transfer to Reserve	1,270,188	-	-
Transfer to Reserve - Investment Earnings	106,794	31,872	131,976
Transfer from Reserve	-	(459,068)	(580,315)
	4,284,959	3,017,087	2,907,977
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 and any losses arising from investment activities.			
Opening Balance	3,655,124	-	2,895,095
Transfer to Reserve	367,056	138,850	622,029
Transfer to Reserve - Investment Earnings	112,694	31,919	138,000
Transfer from Reserve	(199,675)	(19,500)	-
	3,935,199	151,269	3,655,124
Road and Drainage Asset Management Reserve To be used to fund road and drainage asset management projects including the maintenance and renewal of the City of Melville's road network, kerbing, street furniture and drainage infrastructure.			
Opening Balance	1,555,150	3,449,371	19,037
Transfer to Reserve	1,830,237	-	1,522,605
Transfer to Reserve - Investment Earnings	51,333	181	13,508
Transfer from Reserve	(1,534,456)	-	-
	1,902,264	3,449,552	1,555,150

CITY OF MELVILLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

12. RESERVES

	2009/10 Actual \$	2009/10 Budget \$	2008/09 Actual \$
Cash & Investment Backed Reserves			
Unexpended Capital 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 in ensuing financial years.			
Opening Balance	10,214,353	-	8,054,750
Transfer to Reserve	9,819,536	9,197,230	10,214,353
Transfer from Reserve	(10,214,353)	(9,197,230)	(8,054,750)
	9,819,536	-	10,214,353
Summary Reserves			
Opening Balance	45,184,459	29,698,930	33,189,144
Transfer to Reserve	21,662,616	13,847,190	20,116,866
Transfer to Reserve - Investment Earnings	1,156,205	275,000	1,266,277
Transfer from Reserve	(15,318,868)	(10,956,944)	(9,387,829)
	52,684,412	32,864,176	45,184,459
LESS : Investments (Impaired)/written back			
2007/08	(10,295,749)	-	(10,295,749)
2008/09	(10,830,428)	-	(10,830,428)
2009/10	1,448,851	-	-
Net Reserves	33,007,086	32,864,176	24,058,282

	2009/10 Actual \$	2009/10 Budget \$	2008/09 Actual \$
Non-Cash Backed Reserves			
Asset Revaluation Reserve			
Balance at beginning of reporting period	268,993,582	-	276,648,049
Revaluation of Assets	(7,378,033)	-	(7,654,467)
Balance at end of reporting period	261,615,549	-	268,993,582
Total Non-Cash Backed-Reserves	261,615,549	-	268,993,582
Total Reserves	314,299,960	32,864,176	314,178,041

Reserves

All of the above reserves are disclosed as restricted cash assets in Note 4(a) to the financial report. With the exception of the items listed below, no time periods have been set for utilisation of reserves.

Reserves to be utilised in 2010/11 net of new transfers are:

Unexpended Capital Works and Grants Reserve	\$ 9,819,536
Community Facilities (Melville Aquatic Fitness Centre)	\$ 4,522,000
Community Surveillance & Security Service	\$ 38,436
Information Technology	\$ 954,100
Plant Replacement	\$ 1,843,694
Refuse Bins	\$ 120,000
Refuse Facilities	\$ 212,940
Total	\$ 17,510,706

Fair value of investments at balance date has resulted in a gain of \$1,448,851 (refer Note 5), of which \$211,100 is realised. This had the effect of Reserves falling short of being cash backed by the unrealised loss of \$19,677,326. The recognition of the unrealised losses may only occur at such time as the individual investments are sold or default and maybe at a different amount from that disclosed above.

CITY OF MELVILLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

13. RESTRICTED FUNDS AND TRUST ITEMS

(a) RESTRICTED FUNDS

Restricted Funds over which Council has the capacity to determine the final deployment are included in the financial report for the period. As at the end of this period, the classes of Restricted Funds controlled by Council were:

	2009/10 Actual \$	2008/09 Actual \$
Deposits Held		
Balance at beginning of reporting period	2,747,218	2,478,432
Amounts Received during reporting period	807,137	659,731
Amounts Paid during reporting period	(514,394)	(390,945)
Balance at end of reporting period	3,039,961	2,747,218
Retention Monies		
Balance at beginning of reporting period	36,036	36,036
Amounts Received during reporting period	3,435	-
Amounts Paid during reporting period	-	-
Balance at end of reporting period	39,471	36,036
Prepaid Private Works		
Balance at beginning of reporting period	352,964	375,964
Amounts Received during reporting period	-	-
Amounts Paid during reporting period		(23,000)
Balance at end of reporting period	352,964	352,964
Miscellaneous Trusts (Election Nomination, Rates and Charges, etc.)		
Balance at beginning of reporting period	31,211	30,094
Amounts Received during reporting period	1,000	2,012
Amounts Paid during reporting period		(895)
Balance at end of reporting period	32,211	31,211
Total Controlled Trust Items	3,464,607	3,167,429

CITY OF MELVILLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

13. RESTRICTED FUNDS AND TRUST ITEMS (continued)

(b) NON-CONTROLLED TRUST ITEMS

Council has the custody of the following monies but not the capacity to deploy them in the pursuit of Council objectives. Council responsibility in respect of these monies is simply that of collecting agent. Accordingly, they are disclosed as non-controlled Trust items and in the Balance Sheet.

	2009/10 Actual \$	2008/09 Actual \$
BCITF and Builders Registration Levy		
Balance at beginning of reporting period	388,096	474,969
Amounts Received during reporting period	588,093	546,972
Amounts Paid during reporting period	(513,861)	(633,845)
Balance at end of reporting period	462,328	388,096
Total Non-controlled Trust Items	462,328	388,096
Total Restricted Funds	3,926,935	3,555,525

CITY OF MELVILLE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

14. STATEMENT OF RATING INFORMATION

STATEMENT OF RATING INFORMATION

	CURRENT YEAR ACTUAL 2009/2010									CURRENT YEAR BUDGET 2009/2010									
	GENERAL RATE				MINIMUM RATE					GENERAL RATE				MINIMUM RATE					
	No. of Prop.	Rateable value \$	Rate in \$ Cents	Rate Yield \$	No.	Minimums Rateable Value \$	Min. \$	Yield \$	TOTAL \$	No. of Prop.	Rateable value \$	Rate in \$ Cents	Rate Yield \$	No.	Minimums Rateable Value \$	Min. \$	Yield \$	TOTAL \$	
General Rate GRV																			
Residential - Improved	31,894	497,814,958	5.87000	29,091,853	6,201	53,482,406	575.00	3,565,575	32,657,428	31,802	493,324,957	5.87000	28,958,175	6,271	54,089,246	575.00	3,605,825	32,564,000	
Residential - Unimproved	1,101	33,707,012	4.57350	1,559,802	142	1,286,584	585.00	83,070	1,642,872	1,126	34,284,574	4.57350	1,568,005	147	1,330,734	585.00	85,995	1,654,000	
	32,995	531,521,970		30,651,655	6,343	54,768,990		3,648,645	34,300,300	32,928	527,609,531		30,526,180	6,418	55,419,980		3,691,820	34,218,000	
Commercial - Improved	1,267	160,845,189	5.87000	9,439,094	160	954,667	575.00	77,625	9,516,719	1,268	160,586,457	5.87000	9,426,425	161	963,667	575.00	92,575	9,519,000	
Commercial - Unimproved	8	326,864	5.87000	19,187	3	22,800	585.00	1,755	20,942	8	327,853	5.87000	19,245	3	22,800	585.00	1,755	21,000	
	1,275	161,172,053		9,458,281	163	977,467		79,380	9,537,661	1,276	160,914,310		9,445,670	164	986,467		94,330	9,540,000	
									43,837,961									43,758,000	
Specified Area Rates Refunded									(696,332)										
Rate Adjustments									(3,377)									(15,000)	
Interim Rates									228,755									160,000	
Sub-Total									43,367,007									43,903,000	
Rate Allowances									(45,035)										
Instalment Admin Fee									200,542									185,000	
Interest on Late Payment									225,025									220,000	
Deferred Interest									40,888									25,000	
GRAND TOTAL	34,270	692,694,023		40,109,936	6,506	55,746,457		3,728,025	43,788,427	34,204	688,523,841		39,971,850	6,582	56,406,447		3,786,150	44,333,000	
	Current Year Actual 2009/2010										Current Year Budget 2009/2010								
Property Type	Rate Assessments		Rateable Value		Rate Yield					Property Type	Rate Assessments		Rateable Value		Rate Yield				
	#	%	\$	%	\$	%				#	%	\$	%	\$	%				
Residential	39,338	96.47%	586,290,960	78.34%	34,300,300	78.24%				39,346	96.47%	583,029,511	78.27%	34,218,000	78.20%				
Commercial	1,438	3.53%	162,149,520	21.66%	9,537,661	21.76%				1,440	3.53%	161,900,777	21.73%	9,540,000	21.80%				
	40,776	100.00%	\$748,440,480	100.00%	\$43,837,961	100.00%				40,786	100.00%	\$744,930,288	100.00%	\$43,758,000	100.00%				

DIFFERENTIAL RATING

A differential discount of 22 per cent below the residential improved land rate was applied to residential unimproved (vacant) land. This discount compares to a loading of 10% in the previous year. If the residential differential rates were not imposed, the rate in the dollar would be approximately 5.534 cents with a minimum rate of \$545.25. 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 5% of the unimproved value of the land. When applied to high value residential land this results in the revenue generated from unimproved residential land being substantially higher 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.

15. INFORMATION ABOUT DISCOUNTS, INCENTIVES, CONCESSIONS AND WRITE-OFFS

(a) Discounts

The early payment discount for payment of rates and charges was discontinued in 2009/2010.

(b) Early Payment Incentive

Ratepayers who qualify for the discount are also eligible to participate in a draw for the early payment incentive prizes, subject to conditions given in the rate notice. All prizes were sponsored by various organisations.

Prizes offered as early payment incentives

	\$
Major Prize - Westpac Banking Corporation Bonus Saver Account	3,000
Other Prizes - Stockland Bull Creek Shopping Centre Vouchers (8)	2,400
Total	5,400

(c) Concessions

A concession was granted to strata titled storage units of 18m² or smaller, whereby the minimum rate charged was \$287.50. The value of this concession was \$14,375.

A 100% concession from General Rates was granted to the Melville Glades Golf Club. The value of this concession was \$12,150.

16. INFORMATION ABOUT INTEREST PAYMENTS AND ADDITIONAL CHARGES

	Interest Rate %	2009/10 Actual \$	2009/10 Budget \$	2008/09 Actual \$
Interest on Outstanding rates	11	225,025	220,000	229,112

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 has not taken advantage of the instalment option given in the rate notice, the interest will begin to accrue on rates or charges that remain unpaid after 35 days from the issue date of original rate notice. Eligible pensioners are exempt.

Where a ratepayer has taken the instalment option, interest shall begin to accrue on any instalment that remains unpaid after the due date of the instalment and will continue until the instalment is paid.

The following three payment options were provided to the ratepayers:

Option 1 - Full amount of the rate notice payable by 10 August 2009 to qualify for the early payment incentive prizes.

Option 2 - Full amount of the rate notice payable by 24 August 2009.

Option 3 - Full amount of the rate notice payable in four equal instalments due on the following dates.

1st Instalment	Due	24 August 2009
2nd Instalment	Due	26 October 2009
3rd Instalment	Due	28 December 2009
4th Instalment	Due	1 March 2010

CITY OF MELVILLE
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17. FEES & CHARGES

Program	2009/10 Actual \$	2009/10 Budget \$	2008/09 Actual \$
Governance			
Lease Management	25,514	23,745	22,537
Law, Order and Public Safety			
Rangers	948,068	829,450	880,957
Health			
Health Licensing	119,933	138,878	156,996
Education and Welfare			
Meals Services	334,137	387,088	321,584
Housing			
Lease Management	81,779	57,835	63,103
Recreation and Culture			
Lifestyle	5,103,722	5,036,676	5,756,959
Lease Management	1,700,654	1,720,960	1,680,380
Point Walter	499,243	465,280	542,130
Infrastructure, Works & Waste	188,950	123,300	170,167
Transport			
Infrastructure, Works & Waste	340,694	227,100	171,967
Lease Management	19,073	14,930	13,920
Economic Services			
Building	1,005,077	685,000	954,596
Planning	963,633	720,000	885,789
Total	11,330,475	10,430,242	11,621,085

CITY OF MELVILLE
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18. SERVICE CHARGES

Section 6.38 of the Local Government Act 1995 allows Council to impose service charges on owners or occupiers to meet the costs of providing a prescribed service in relation to the land. Section 54 of the Local Government (Financial Management) Regulations 1996 prescribes the provision of a security services as an allowable service charge.

Community Security	2009/10 Actual \$	2009/10 Budget \$	2008/09 Actual \$
OPERATING INCOME			
Call Out/Alarm Response Fees	29,809	32,058	40,554
City of Cockburn Security Patrol Fees	1,970,626	2,065,102	2,051,210
City of Melville Security Patrol Fees (\$44.50 per property 09/10)	1,815,235	1,824,811	1,807,540
Other Security Fees	-	608	608
Other Sundry Operating Revenue	-	-	(1,245)
Recoverable Works	297	-	145
Total Operating Income	3,815,967	3,922,579	3,898,812
OPERATING EXPENDITURE			
Employee Costs	(2,319,889)	(2,879,865)	(2,525,010)
Internal Allocations	(848,273)	(856,003)	(829,485)
Internal Recovery	36,876	25,000	37,257
Materials & Contracts	(62,310)	(123,600)	(189,306)
Non Current Assets	-	-	(1,382)
Other Expenditure	(36,404)	(2,000)	(32,541)
Suspense	-	-	-
Transfer to Reserves	(585,967)	(86,110)	(149,514)
Amount Owing to City of Cockburn as at 30 June 2010	-	-	(39,016)
Total Operating Expenditure	(3,815,967)	(3,922,579)	(3,728,997)
Net Community Security - Surplus / (Deficit) *	-	-	169,815

* Surplus funds are transferred to the Community Security Reserve to be used to offset future expenditure.

This may include the costs incurred to replace security vehicles.

Some of these funds will be remitted to the City of Cockburn upon final reconciliation.

Swimming Pool Inspections	2009/10 Actual \$	2009/10 Budget \$	2008/09 Actual \$
OPERATING INCOME			
Building Application Fees	12,440	-	10,740
Swimming Pool Inspection Fees	130,284	131,155	105,099
Total Operating Income	142,724	131,155	115,839
OPERATING EXPENDITURE			
Employee Costs	(97,826)	(69,920)	(69,668)
Internal Allocations	(66,791)	(63,320)	(48,823)
Materials & Contracts	(3,615)	(1,200)	(2,027)
Total Operating Expenditure	(168,232)	(134,440)	(120,518)
Net Swimming Pool - Surplus / (Deficit) *	(25,508)	(3,285)	(4,679)

* Surplus funds are transferred to the Financial Reserve to be used to offset future expenditure.

19. GRANT REVENUE

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

By Nature or Type:	2009/10 Actual \$	2009/10 Budget \$	2008/09 Actual \$
Operating Grants, Subsidies and Contributions	3,896,899	3,705,090	4,549,616
Non-Operating Grants, Subsidies and Contributions	3,791,807	4,874,680	3,394,770
	7,688,706	8,579,770	7,944,386

By Program:	2009/10 Actual \$	2009/10 Budget \$	2008/09 Actual \$
Governance	15,878	14,000	18,953
General Purpose Funding	2,823,971	2,785,000	3,540,564
Law, Order, Public Safety	72,475	28,200	28,884
Health	39,091	-	-
Education & Welfare	586,272	476,642	509,092
Recreation and Culture	1,559,258	2,871,690	1,643,598
Transport	2,447,761	2,404,238	2,094,572
Other Property and Services	144,000	-	108,723
	7,688,706	8,579,770	7,944,386

20. INVESTMENT REVENUE

Fund	2009/10 Actual \$	2009/10 Budget \$	2008/09 Actual \$
Interest Income - Reserve Funds	1,156,205	275,000	1,266,277
Interest Income - Other Funds	2,262,371	1,120,500	2,315,224
Total Investment Revenue	3,418,576	1,395,500	3,581,501

21. INFORMATION ABOUT FEES, ETC. TO COUNCIL MEMBERS

Description	2009/10 Actual \$	2009/10 Budget \$	2008/09 Actual \$
Sitting Fees - Mayor	14,000	14,000	14,000
Sitting Fees - Councillors	81,666	84,000	83,735
Conference and Training - Elected Members	9,174	104,000	24,333
Allowances - Mayor	60,000	60,000	66,733
Allowances - Deputy Mayor	15,000	15,000	-
Allowances - Councillors	68,821	100,100	88,827
Total	248,661	377,100	277,628

The above allowances consist of reimbursement of reasonable costs of travel, child minding, parking and tolls, telephone and/or facsimile rental, telephone calls home and mobile calls, and clothing apparel for personal presentation and incidental costs incurred by elected members.

22. CONTINGENT LIABILITIES

Council negotiates its Workers' Compensation Premium on a "burning cost" basis whereby a minimum and maximum premium are determined for workers' compensation and Council pays a deposit premium only with the actual premium being settled based on known and anticipated claims experience.

Therefore, Council 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 and the maximum premium payable.

	2009/10 Actual \$	2008/09 Actual \$
Contingent liability for additional Workers' Compensation Premium	2,568,834	1,143,435

Note sufficient funds for the payment of this contingent liability are held in the Risk Management Reserve.

23. EMPLOYEE NUMBERS

	2009/10 No. of Employees	2008/09 No. of Employees
The number of full-time equivalent employees at balance sheet date	487	523

24. EMPLOYEE REMUNERATION DETAILS

Number of employees of the Council, in bands of \$10,000, entitled to an annual salary of \$100,000 or more.

Salary Range	2009/10 No. of Employees	2008/09 No. of Employees
\$100,000 - \$109,999	2	4
\$110,000 - \$119,999	8	4
\$120,000 - \$129,999	2	1
\$130,000 - \$139,999	3	3
\$140,000 - \$149,999	0	0
\$150,000 - \$159,999	0	0
\$160,000 - \$169,999	0	0
\$170,000 - \$179,999	0	0
\$180,000 - \$189,999	0	0
\$190,000 - \$199,999	0	0
\$200,000 - \$209,999	0	0
\$210,000 - \$219,999	1	1

25. INVESTMENT IN REGIONAL COUNCIL USING THE EQUITY METHOD

The Council is a participant in the Canning Vale Regional Resource Recovery Centre (RRRC)

The RRRC is controlled by a regional local government established in accordance with the Local Government Act 1995. The regional local government, being the Southern Metropolitan Regional Council (SMRC), consists of seven local governments of which five are participants in the Canning Vale RRRC.

Participating Councils are required to contribute an annual fee to cover the capital cost in the establishment of the facility and pay gate fees for each tonne of waste they deliver to the facility to cover the operating costs. The capital costs for each participating member Council is based on the Australian Bureau of Statistics census of 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. The City of Melville's interest in the RRRC is 33.66 per cent.

The City of Melville has guaranteed, by way of agreement, its share of the Loan Liability to the SMRC and the Western Australian Treasury Corporation (funding body). The City of Melville's share of the outstanding loan liabilities of RRRC at 30 June 2010 is \$17,276,880 (unaudited).

The City of Canning have resolved to withdraw from the SMRC effective 1 July 2010.

In Accordance with the Establishment Agreement, the financial impact of this decision in respect to the remaining members will be determined by the preparation of an amended business plan during the 2010/11 financial year.

	2009/10	2008/09
	Actual	Actual
	\$	\$
	(unaudited)	(audited)
Council's share in the net assets of the SMRC (excluding Council's equity)	1,114,306	1,632,818
Equity Ratio	33.26%	33.66%

Represented by Share of Joint Venture entity's Financial Position:

Current Assets	8,153,051	8,622,792
Non Current Assets	30,119,359	28,944,643
Total Assets	38,272,411	37,567,435
Current Liabilities	2,921,473	3,789,255
Non Current Liabilities	16,523,612	15,066,555
Total Liabilities	19,445,085	18,855,810
LESS: City of Melville's Loan Liability	17,713,020	17,078,807
Net Assets	1,114,306	1,632,818

CITY OF MELVILLE
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26. FINANCIAL RATIOS

	2009/10	2008/09	2007/08	2006/07	2005/06
FINANCIAL RATIOS					
Higher Better					
Current Ratio	1.56:1	1.32:1	1.31:1	1.59:1	1.64:1
Untied Cash to Trade Creditors Ratio	2.62:1	1.2:1	1.25:1	3.25:1	1.82:1
Lower Better					
Debt Ratio (%)	3.47	3.56	3.36	3.42	5.46
Debt Service Ratio (%)	0.84	0.71	0.94	1.06	1.00
Gross Debt to Revenue Ratio (%)	5.15	5.32	6.42	7.23	7.93
Gross Debt to Economically Realisable Assets Ratio (%)	1.10	1.19	1.22	1.30	3.37
Outstanding Rates Ratio (%)	5.32	11.29	5.82	5.86	7.37
Rate Coverage Ratio (%)	51.48	48.33	50.97	47.82	47.55

The above ratios are calculated as follows:

Current Ratio - assesses the adequacy of working capital and the ability to satisfy short term obligations	$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Trade Creditors Ratio - assesses the sufficiency of cash available to honour creditors	$\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$
Debt Ratio - identifies the exposure to debt by measuring the proportion of assets funded by creditors	$\frac{\text{Total liabilities}}{\text{Total assets}}$
Debt Service Ratio - assesses the degree to which revenues are committed to the repayment of debt	$\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$
Gross Debt to Revenue Ratio - indicates what proportion of total revenue is available to repay the total debts	$\frac{\text{Gross debt}}{\text{Total revenue}}$
Gross Debt to Economically Realisable Assets Ratio - indicates the proportion of non-infrastructure assets financed through debt	$\frac{\text{Gross debt}}{\text{Economically realisable assets}}$
Outstanding Rates Ratio - assesses the impact of uncollected rates on liquidity and the adequacy of recovery effort excluding Pensioners	$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$
Rate Coverage Ratio - assesses the degree of dependence on revenue from rates	$\frac{\text{Net rate revenue}}{\text{Operating revenue}}$

CITY OF MELVILLE
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27. FINANCIAL RISK MANAGEMENT

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

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

Financial risk management is carried out by the finance area under policies approved by the Council.

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2010	2009	2010	2009
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	35,132,536	17,313,738	35,132,536	17,313,738
Receivables	10,411,632	12,329,877	10,411,632	12,329,877
Available-for-sale financial assets	11,692,673	15,810,761	11,692,673	15,810,761
	<u>57,236,843</u>	<u>45,454,376</u>	<u>57,236,843</u>	<u>45,454,376</u>
Financial Liabilities				
Payables	10,187,996	9,893,389	10,187,996	9,893,389
Borrowings	4,310,446	4,534,721	3,787,926	3,722,427
	<u>14,498,442</u>	<u>14,428,110</u>	<u>13,975,922</u>	<u>13,615,816</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings, Held-to-Maturity Investments – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Investments - Available for Sale Financial Assets – based on independent valuation.

27. FINANCIAL RISK MANAGEMENT (continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit or loss

Available-for-sale financial assets

Council's objective is to maximise its return on cash and investments at low levels of risk appropriate for public monies whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

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

Cash and investments are also subject to interest rate risk – the risk that movements in interest rates could affect returns. The weighted average interest rate for 2009/10 is 4.18% (5.62% for 2008/09).

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

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

	30-Jun-10	30-Jun-09
	\$	\$
Impact of a 10% (*) movement in price of investments:		
- Equity	3,137,000	3,687,000
- Income Statement	3,137,000	3,687,000
Impact of a 1% (+) movement in interest rates on cash and investments:		
- Equity	468,252	331,245
- Income Statement	468,252	331,245

The recent turmoil in the world financial markets has made it very difficult to estimate any future negative impact it will have on the City's investment portfolio. We have therefore come up with our best estimate (10%) of what may happen in the future.

Notes:

(*) Sensitivity percentages based on management's expectation of future possible market movements. Recent market volatility has seen large market movements for certain types of investments.

(+) Maximum Impact.

CITY OF MELVILLE
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27. FINANCIAL RISK MANAGEMENT (continued)

(b) Receivables

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

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

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

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

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

	30-Jun-10	30-Jun-09
Percentage of Rates and Annual Charges		
- Current	29%	17%
- Overdue	71%	83%
Percentage of Other Receivables		
- Current	96%	91%
- Overdue	4%	9%

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27. FINANCIAL RISK MANAGEMENT (continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2010</u>					
Payables	10,187,996	-	-	10,187,996	10,187,996
Borrowings	1,824,378	1,495,257	1,994,297	5,313,931	4,310,447
	<u>12,012,374</u>	<u>1,495,257</u>	<u>1,994,297</u>	<u>15,501,928</u>	<u>14,498,443</u>
<u>2009</u>					
Payables	9,893,389	-	-	9,893,389	9,893,389
Borrowings	297,888	3,188,924	2,376,726	5,863,538	4,534,721
	<u>10,191,277</u>	<u>3,188,924</u>	<u>2,376,726</u>	<u>15,756,927</u>	<u>14,428,110</u>

CITY OF MELVILLE
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27. FINANCIAL RISK MANAGEMENT (continued)

(c) Payables (continued)

Borrowings (continued)

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<u>Year Ended 30 June 2010</u>								
Borrowings								
Fixed Rate								
Debentures	1,824,378	232,533	234,627	244,984	245,875	1,994,297	4,776,694	5.93%
Weighted Average Effective Interest Rate	6.78%	5.86%	6.33%	6.87%	6.30%	5.77%		
<u>Year Ended 30 June 2009</u>								
Borrowings								
Fixed Rate								
Debentures	297,888	1,797,755	204,280	224,059	245,907	2,376,726	5,146,615	5.98%
Weighted Average Effective Interest Rate	6.81%	6.81%	5.87%	6.35%	6.88%	6.30%		



City of
Melville

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Civic Centre Opening Hours

Monday to Friday, 8.30am to 5.00pm

Make an online request, enquiry or payment at:

www.melvillecity.com.au/customerservice

For rates information visit **www.melvillecity.com.au/rates**

