



City of  
**Melville**

# Annual Financial Statements

**2014-2015**



# Annual Financial Statements 2014-2015



**Independent Auditor's Report**

**Statement by the Chief Executive Officer**

**Management Representation Letter**

**Statement of Comprehensive Income by Nature or Type** 1

**Statement of Comprehensive Income by Program** 2

**Statement of Financial Position** 3

**Statement of Changes in Equity** 4

**Statement of Cash Flows** 5

**Rate Setting Statement** 6

**Notes to and forming part of the Financial Report** 7



## **Independent Auditor's Report To the Ratepayers of City of Melville**

We have audited the accompanying financial report of City of Melville ("the Council") which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income by program, the statement of profit or loss and other comprehensive income by nature and type, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Chief Executive Officer's statement.

### **Council's responsibility for the financial report**

The Council of the City of Melville is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1995 Part 6. This responsibility includes establishing and maintaining internal control 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. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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.

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 Part 6 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the City of Melville's financial position and of their performance.

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 City of Melville's financial position as at 30 June 2015 and of its performance and cash flows for the financial year ended 30 June 2015;
- (ii) complies with Australian Accounting Standards (including the Australian Accounting Interpretations); and
- (iii) is prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and Regulations under that Act.

### **Statutory Compliance**

I did not, during the course of my audit, become aware of any instance where the Council did not comply with the requirements of the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996 as they relate to financial statements.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner - Audit & Assurance

Perth, 30 October 2015



**CITY OF MELVILLE**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2015**  
**LOCAL GOVERNMENT ACT 1995**  
**LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

**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 30<sup>th</sup> June 2015 are in my opinion properly drawn up to present fairly the financial position of the City of Melville at 30<sup>th</sup> June 2015 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the *Local Government Act 1995* and the *Regulations* under that Act.

Signed as authorisation of issue on the 30<sup>th</sup> day of October 2015.

**Dr Shayne Silcox**  
**CHIEF EXECUTIVE OFFICER**

P W Warr  
Grant Thornton Audit Pty Ltd  
Level 1  
10 Kings Park Road  
West Perth WA 6005

Correspondence to:  
PO Box 570  
West Perth WA 6872

Dear Patrick

**Audit for the year ended 30 June 2015**

This representation letter is provided in connection with your audit of the financial report of City of Melville ("the City") for the financial year ended 30 June 2015, for the purpose of you expressing an opinion as to whether the financial report is, in all material respects, in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the City's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.
- presented fairly in accordance with the Australian Accounting Standards including the Australian Accounting Interpretations and other relevant legislation.

We acknowledge our responsibility for ensuring that the financial report is in accordance with Accounting Standards (including Australian Accounting Interpretations), International Financial Reporting Standards as disclosed in the financial report and the Corporations Act 2001 and confirm that the financial report is free of material misstatement, including omissions and that we have approved the financial report.

We understand that your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report of City of Melville taken as a whole, and that your tests of the accounting records and other auditing procedures were limited to those which you considered necessary for that purpose.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

**General**

- 1 We have made available to you:
  - a all financial records and related data, other information, explanations and assistance necessary for the conduct of the audit; and
  - b minutes of all meetings of the Council and the Audit Committee.
- 2 There are no material transactions that have not been properly recorded in the accounting records underlying the financial report.
- 3 We confirm that there have been no changes to the accounting policies applied in the previous annual financial report or the methods used in applying them, other than those disclosed in the financial report.
- 4 We have established and maintained adequate internal control to facilitate the preparation of a reliable financial report, and adequate financial records have been properly maintained.
- 5 We have no plans or intentions that may materially affect the carrying values, or classifications of assets and liabilities.
- 6 We confirm the appropriateness of the measurement of accounting estimates, including related assumptions, used in the preparation of the financial report and the consistency in application of the processes.
- 7 The following have been properly recorded or disclosed in the financial report:
  - a arrangements involving restrictions on cash balances, compensating balances and line of credit or similar arrangements; and
  - b agreements to repurchase assets previously disposed.
- 8 We confirm the reasonableness of significant assumptions, including whether they appropriately reflect management's intention and ability to carry out specific courses of action on behalf of the City of Melville where relevant to the fair value measurement or disclosures.

- 9 Other than as disclosed to you, there have been no:
- a irregularities involving management or employees who have significant roles in the system of internal control structure;
  - b irregularities involving other employees, that could have a material effect on the financial report;
  - c communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report; or
  - d known actual or possible non-compliance with laws and regulations.
- 10 Details have been furnished to you about all material contracts that may affect the financial report for the year ended 30 June 2015 or that have become effective since that date.
- 11 We are not aware of any pending litigation involving the City other than the matters disclosed in the financial report.
- 12 All contingent liabilities have been provided for or noted in the financial report.
- 13 There were no material commitments for goods or services or purchase commitments in excess of normal requirements or at prices in excess of the prevailing market prices at year end, other than disclosed in the financial report.
- 14 There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.

#### **Capital management**

- 15 All disclosures in the financial report in respect of capital management processes reflect actual processes in place during the reporting period.

#### **Events subsequent to balance date**

- 16 No events, other than those disclosed in the financial report, have occurred subsequent to the balance sheet date or are pending that would require adjustment to, or disclosure in, the financial report or amendments to significant assumptions used in the preparation of the accounting estimates.





### **Fraud and error**

17 We have disclosed to you:

- a the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
- b our knowledge of fraud or suspected fraud affecting the City involving:
  - i management;
  - ii employees who have significant roles in internal control; or
  - iii others where the fraud could have a material effect in the financial report.
- c our knowledge of any allegations of fraud or suspected fraud, affecting the City of Melville's financial report communicated to us by employees, former employees, analysts, regulators or others.

18 We acknowledge our responsibility for the design and implementation of internal control to prevent and detect fraud and error.

### **Assets**

- 19 The City of Melville has satisfactory title to all assets, and there are no liens or encumbrances on such assets that have not been disclosed nor has any asset been pledged as collateral.
- 20 For assets carried at fair value, we have assessed fair value in accordance with the applicable requirements of AASB 116 Property, Plant and Equipment, AASB 138 Intangible Assets, AASB 13 Fair Value Measurement and AASB 139 Financial Instruments: Recognition and Measurement.

### **Impairment of assets**

- 21 We have considered the requirements of AASB 136 Impairment of Assets when assessing the carrying amount of assets and in ensuring that no assets are stated in excess of their recoverable amount.
- 22 Where available-for-sale financial assets have suffered a significant or prolonged decline in the fair value below initial cost then the amount of the impairment has been taken to the income statement.

**Property, plant and equipment**

- 23 During the year all additions to property, plant and equipment represented the cost of additional assets, or additions and improvements to existing assets, and no material items of capital expenditure were written off against profits.
- 24 Rates of depreciation applied to reduce book values of individual assets to their estimated residual values, reflect the probable useful lives of those assets to the City of Melville.
- 25 The City has no “make good” obligations in respect of its property, plant and equipment for which it would be required to make a restorative provision under AASB 137 Provisions, Contingent Liability and Contingent Assets which have not been included in the financial report.

**Receivables**

- 26 Balances owing by trade and other debtors at balance date are valid receivables and do not include charges for goods on consignment, approval or repurchase agreements.
- 27 All known bad debts have been written off and the provision for doubtful debts in our opinion is adequate and has been calculated in accordance with the requirements of AASB 139 Financial Instruments: Recognition and Measurement.

**Insurance**

- 28 All assets and insurable risks of the City are adequately covered by insurance.

### **Financial assets**

- 29 The sensitivity analysis disclosed in the financial report for foreign exchange risk, interest rate risk and other price risk are all based upon reasonably possible fluctuations in currencies, interest rates and prices for the period until the next annual financial report is expected to be signed.
- 30 All quantitative disclosures in the financial report relating to risk exposures in respect of financial instruments at reporting date are representative of exposures during the financial year.
- 31 All concentrations of credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk) have been properly disclosed in the financial report.
- 32 Disclosures relating to processes for managing risk in relation to financial instruments reflect actual processes in place during the reporting period.
- 33 All information regarding transactions involving trading with derivatives has been made available to you. All derivatives have been marked to market at the year end and recorded at this value in the financial report.

### **Liabilities**

- 34 All material liabilities at the balance sheet date have been taken up in the books of account, including the liability for all purchases to which title has passed prior to the balance date, and for all items included in inventory.
- 35 We have disclosed the existence of any loans approved but not drawn down at the reporting date.
- 36 No asset of the City of Melville has been pledged as security for any liability, except as disclosed in the financial report.
- 37 All amounts of capital repayment and interest due to be paid to lenders during the reporting period were made on time, in accordance with provision of the loan agreement, except as disclosed in the financial report.
- 38 There are no financial guarantee contracts in place to third parties which could be called upon in the event of a default, other than those disclosed in the financial report.

**Bank facilities**

- 39 We confirm that we have complied with the terms and conditions of the bank facilities agreement including that we have not breached any of the reportable covenants contained within the agreement.
- 40 We consider the classification of the loan liability between current and non-current is appropriate.

**Taxation**

- 41 Adequate amounts have been accrued for all local and foreign taxes on income including amounts applicable to prior years not finally settled and paid.
- 42 Deferred tax assets in relation to tax losses have only been brought to account when it is probable that they will be realised.
- 43 We confirm there are no disputes with any taxation authorities whose effects should be considered for disclosure in the financial report or as a basis for recording an expense.

**Contingent and other unrecorded possible liabilities**

- 44 We confirm there is no contingent or undetermined and/or unrecorded obligations of a material amount for which a provision has not been made in the financial report or noted thereon. This includes any material liabilities, contingent liabilities or assets arising under derivative financial investments.

**Related parties**

- 45 All details of related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements and guarantees (written or oral), have been correctly recorded in the accounting records and have been properly disclosed in the entity's financial report or notes thereto, where required by statute, the Australian Accounting Standards, or where such disclosure is necessary for the true and fair presentation of the entity's financial report.

**Ratios**

- 46 All ratios presented within the financial statements have either been produced on historic data which is disclosed within the financial statements or based on management's best estimate of future income and expenditure based on past performance. In particular, we confirm that the asset consumption ratio (X) and the asset renewal funding ratio (Y) are considered a reliable estimate based on evidence held to date.

**Revenue**

- 47 Revenue has been recognised in accordance with AASB 118, and where applicable, our assessment of the percentage completion accurately reflects the status of the project in accordance with project milestones.



### **Electronic presentation of audited financial report**

48 If we publish the financial report on our website, we acknowledge that:

- we are responsible for the electronic presentation of the financial report;
- we will ensure that the electronic version of the audited financial report and the auditor's report on the web site are identical to the final signed hard copy version;
- we will clearly differentiate between audited and unaudited information in the construction of the City's web site as we understand the risk of potential misrepresentation;
- we have assessed the controls over the security and integrity of the data on the web site and that adequate procedures are in place to ensure the integrity of the information published; and
- we will only present the auditor's report where the full financial report is published on the website.

### **Going concern**

49 We have made an assessment of the City's ability to continue as a going concern when preparing the financial report. We are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the City of Melville's ability to continue as a going concern.

### **Legal matters**

50 There were no legal matters pending or undertaking during , or at the end of, the reporting period or un-asserted claims or assessments that our lawyer has advised us are probable of assertion which could give rise to a liability or which requires disclosure in the financial report.

### **Audit adjustments**

51 We note no audit adjustments were made in the current financial year.



Yours sincerely

City of Melville

Name: Dr. Shayne Silcox

Title: Chief Executive Officer

Name: Ms. Kylie Johnson

Title: Acting Director Corporate  
Services

Dated this 30<sup>th</sup> day of 30 October 2015.

**CITY OF MELVILLE**  
**STATEMENT of COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	Note	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
<b>Revenue</b>				
Rates	14	78,551,344	77,680,747	56,065,000
Operating Grants, Subsidies and Contributions	19	5,562,989	3,675,801	2,111,356
Fees & Charges	17	14,588,399	14,504,507	31,204,126
Service Charges	18	6,471,462	6,482,828	4,005,348
Interest Earnings	2(a)	4,425,058	3,970,000	4,593,967
Other Revenue		3,032,661	2,036,867	2,755,490
		112,631,913	108,350,750	100,735,287
<b>Expenses</b>				
Employee Costs		(41,482,903)	(42,936,114)	(39,610,207)
Materials & Contracts		(25,667,689)	(28,165,581)	(27,260,693)
Utilities		(3,795,534)	(4,222,687)	(4,057,748)
Insurance		(1,274,099)	(1,603,405)	(1,398,847)
Depreciation	2(a)	(15,431,700)	(14,256,544)	(13,706,830)
Finance Costs	2(a)	(193,391)	(198,253)	(218,985)
Other Expenditure		(6,110,072)	(6,638,644)	(4,644,211)
		(93,955,388)	(98,021,228)	(90,897,521)
		18,676,525	10,329,522	9,837,766
<b>Grants/Contributions for the Development of Assets</b>				
Non-Operating Grants, Subsidies and Contributions	19	3,693,989	1,623,634	2,097,627
		3,693,989	1,623,634	2,097,627
<b>(Profit)/Loss on Disposal of Assets</b>	10			
Profit on Asset Disposals		546,911	-	182,875
Loss on Asset Disposals		(493,351)	-	(375,792)
		53,560	-	(192,917)
<b>Other Revenue / (Expenses)</b>				
Investment Gains / (Losses)		-	-	1,738,786
Increase / (Decrease) in Equity - SMRC	24	809,303	-	963,122
Revaluation of Investment Properties	10	14,167,779	-	-
		14,977,082	-	2,701,908
<b>NET RESULT</b>		37,401,156	11,953,156	14,444,383
<b>Other Comprehensive Income</b>				
Changes on Revaluation of Non-Current Assets	10	461,679,199	-	25,509,942
<b>Total Other Comprehensive Income</b>		461,679,199	-	25,509,942
<b>TOTAL COMPREHENSIVE INCOME</b>		499,080,355	11,953,156	39,954,325

**CITY OF MELVILLE**  
**STATEMENT of COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	Note	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
<b>Revenue</b>				
Governance		145,615	1,495,230	2,391,208
General Purpose Funding		92,340,294	89,088,147	62,674,370
Law, Order, Public Safety		2,507,531	2,780,568	2,778,556
Health		284,268	244,190	248,862
Education & Welfare		358,904	355,526	385,429
Housing		59,171	66,169	63,662
Community Amenities		3,351,188	1,170,728	17,045,139
Recreation and Culture		8,206,762	10,147,119	10,402,849
Transport		1,045,610	2,607,930	4,291,259
Economic Services		2,802,489	-	-
Other Property and Services		1,530,081	395,143	453,952
		112,631,913	108,350,750	100,735,286
<b>Expenses</b>				
Governance		(3,423,345)	(11,642,686)	(11,072,015)
General Purpose Funding		(4,251,786)	(4,501,714)	(2,314,739)
Law, Order, Public Safety		(3,505,626)	(4,105,440)	(3,753,138)
Health		(920,270)	(937,721)	(928,472)
Education & Welfare		(2,738,074)	(5,637,590)	(5,462,332)
Housing		(36,326)	(47,433)	(42,879)
Community Amenities		(22,091,707)	(21,193,172)	(19,828,655)
Recreation and Culture		(27,655,135)	(29,766,629)	(29,359,738)
Transport		(8,360,433)	(11,348,408)	(9,830,393)
Economic Services		(2,105,537)	(117,436)	(104,897)
Other Property and Services		(18,673,758)	(8,524,746)	(7,981,280)
		(93,761,997)	(97,822,975)	(90,678,536)
		<b>18,869,916</b>	<b>10,527,775</b>	<b>10,056,750</b>
<b>Finance Costs</b>				
Recreation and Culture	2(a)	(193,391)	(198,253)	(218,985)
		(193,391)	(198,253)	(218,985)
<b>Non Operating Grants, Subsidies and Contributions</b>				
General Purpose Funding		3,693,989	1,623,634	2,097,627
		3,693,989	1,623,634	2,097,627
<b>(Profit)/Loss on Disposal of Assets</b>	10(d)			
Governance		(4,458)	-	-
Education & Welfare		(123,525)	-	-
Community Amenities		546,911	-	(9,657)
Recreation and Culture		(16,766)	-	(84,736)
Other Property and Services		(348,602)	-	(98,523)
		53,560	-	(192,917)
<b>Other Revenue / Expenses</b>				
Investment Gains / (Losses)		-	-	1,738,786
Increase / (Decrease) in Equity - SMRC	24	809,303	-	963,122
Revaluation of Investment Properties	10	14,167,779	-	-
		14,977,082	-	2,701,908
<b>NET RESULT</b>		<b>37,401,156</b>	<b>11,953,156</b>	<b>14,444,383</b>
<b>Other Comprehensive Income</b>				
Changes on Revaluation of Non-Current Assets	10	461,679,199	-	25,509,942
<b>Total Other Comprehensive Income</b>		461,679,199	-	25,509,942
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>499,080,355</b>	<b>11,953,156</b>	<b>39,954,325</b>



**CITY OF MELVILLE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2015**

	Note	2014/15 Actual \$	2013/14 Actual \$
<b>Current Assets</b>			
Cash & Cash Equivalents	4	104,227,726	91,866,340
Trade & Other Receivables	6	7,358,311	6,568,077
Inventories	7	124,721	127,349
Other Assets	7	528,547	593,472
<b>Total Current Assets</b>		<b>112,239,305</b>	<b>99,155,238</b>
<b>Non Current Assets</b>			
Trade & Other Receivables	6	4,142,171	5,454,741
Property, Plant & Equipment	10(a)	712,172,394	278,808,697
Infrastructure	10(b)	303,061,280	268,612,853
Investment Property	10(c)	48,376,002	35,009,120
Other Financial Assets	5	8,728,341	7,919,039
<b>Total Non Current Assets</b>		<b>1,076,480,188</b>	<b>595,804,450</b>
<b>TOTAL ASSETS</b>		<b>1,188,719,493</b>	<b>694,959,688</b>
<b>Current Liabilities</b>			
Trade & Other Payables	8	4,753,375	9,481,148
Provisions	9	6,967,373	6,161,683
Borrowings	11	276,333	268,319
<b>Total Current Liabilities</b>		<b>11,997,081</b>	<b>15,911,150</b>
<b>Non Current Liabilities</b>			
Trade & Other Payables	8	206,294	1,145,739
Borrowings	11	2,793,861	3,070,194
Provisions	9	602,636	793,340
<b>Total Non Current Liabilities</b>		<b>3,602,791</b>	<b>5,009,273</b>
<b>TOTAL LIABILITIES</b>		<b>15,599,872</b>	<b>20,920,423</b>
<b>NET ASSETS</b>		<b>1,173,119,621</b>	<b>674,039,265</b>
<b>Equity</b>			
Retained Surplus		292,055,022	267,333,924
Reserves - Cash / Investment Backed	12	95,757,355	83,077,297
Reserves - Asset Revaluation	12(a)	785,307,244	323,628,044
<b>TOTAL EQUITY</b>		<b>1,173,119,621</b>	<b>674,039,265</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2015**

	Note	RETAINED SURPLUS \$	RESERVES CASH/INVEST BACKED \$	ASSET REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2013</b>		<b>249,874,603</b>	<b>73,948,442</b>	<b>310,056,986</b>	<b>633,880,031</b>
Transfer from Asset Revaluation Surplus to Retained Surplus		12,143,793	-	(12,143,793)	-
Net Result		14,444,383	-	-	14,444,383
Total Other Comprehensive Income Changes on Revaluation of Non- Current Assets		-	-	25,714,851	25,714,851
Funds to be (Set Aside) / Used	12	(9,128,855)	9,128,855	-	-
<b>Balance as at 30 June 2014</b>		<b>267,333,924</b>	<b>83,077,297</b>	<b>323,628,044</b>	<b>674,039,265</b>
Net Result		37,401,156	-	-	37,401,156
Total Other Comprehensive Income Changes on Revaluation of Non- Current Assets	10	-	-	461,679,200	461,679,200
Funds to be (Set Aside) / Used	12	(12,680,058)	12,680,058	-	-
<b>Balance as at 30 June 2015</b>		<b>292,055,022</b>	<b>95,757,355</b>	<b>785,307,244</b>	<b>1,173,119,621</b>

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 2015**

	Note	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
<b>Cash Flows from Operating Activities</b>				
<b>Receipts</b>				
Rates		76,935,114	77,680,747	56,347,250
Fees and Charges		14,539,880	2,970,801	32,158,621
Service Charges		6,471,462	6,480,728	4,005,348
Interest Earnings		4,925,714	12,872,437	4,042,871
Operating Grants, Subsidies and Contributions		5,562,989	2,865,561	2,111,356
Goods and Services Tax		5,616,711	-	4,053,360
Other Revenue		4,247,587	2,038,967	3,099,101
		118,299,457	104,909,241	105,817,907
<b>Payments</b>				
Employee Costs		(41,098,565)	(42,879,498)	(38,882,465)
Materials and Contracts		(29,857,298)	(25,760,033)	(28,802,554)
Utility Charges		(3,795,534)	(4,222,687)	(4,057,748)
Insurance Expenses		(1,274,099)	(1,603,405)	(1,398,847)
Interest Expenses		(498,279)	1,498,307	(96,446)
Goods and Services Tax		(5,348,598)	-	(4,078,744)
Other Expenditure		(6,865,344)	(6,638,644)	(4,919,399)
		(88,737,717)	(79,605,960)	(82,236,203)
<b>Net Cash Provided by Operating Activities</b>	28(ii)	<b>29,561,740</b>	<b>25,303,281</b>	<b>23,581,704</b>
<b>Cash Flows from Investing Activities</b>				
(Increase) / Decrease in Investments		-	-	1,821,023
Proceeds from Sale of Plant and Equipment	10	1,985,167	708,950	1,848,220
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets	19	3,693,989	1,623,634	2,097,627
Payments for Purchase of Property, Plant and Equipment	10	(7,325,609)	(8,330,271)	(6,404,023)
Payments for Construction of Infrastructure	10	(15,553,782)	(16,125,081)	(11,537,572)
<b>Net Cash Used in Investing Activities</b>		<b>(17,200,235)</b>	<b>(22,122,768)</b>	<b>(12,174,725)</b>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		-	-	100,500
Repayment of Self Supporting Loans		(268,319)	(268,319)	(370,679)
Proceeds from Self Supporting Loans		268,201	268,319	270,179
Proceeds from New Debentures		-	-	-
<b>Net Cash Provided by (Used In) Financing Activities</b>		<b>(118)</b>	<b>-</b>	<b>-</b>
<b>Net Increase / (Decrease) in Cash Held</b>		<b>12,361,387</b>	<b>3,180,513</b>	<b>11,406,980</b>
Cash at Beginning of Year		91,866,339	84,371,871	80,459,359
<b>Cash and Cash Equivalents at the End of Year</b>	28(i)	<b>104,227,726</b>	<b>87,552,384</b>	<b>91,866,339</b>

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

**CITY OF MELVILLE**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
<b>Revenue</b>			
Governance	145,615	1,495,230	2,391,208
General Purpose Funding	13,788,949	11,407,400	10,455,656
Law, Order, Public Safety	2,507,531	2,780,568	2,778,556
Health	288,740	244,190	248,862
Education & Welfare	358,904	355,526	385,429
Housing	59,171	66,169	63,662
Community Amenities	3,567,109	1,170,728	17,045,139
Recreation and Culture	8,404,317	10,147,119	10,402,849
Transport	4,194,160	4,231,564	4,291,259
Economic Services	2,802,489	-	-
Other Property and Services	16,688,202	395,143	1,417,074
	52,805,187	32,293,637	49,479,694
<b>Expenses</b>			
Governance	(3,423,345)	(11,642,686)	(11,072,015)
General Purpose Funding	(4,251,786)	(4,501,714)	(2,324,612)
Law, Order, Public Safety	(3,505,626)	(4,105,440)	(3,753,138)
Health	(920,270)	(937,721)	(928,472)
Education & Welfare	(2,738,074)	(5,637,590)	(5,462,332)
Housing	(36,326)	(47,433)	(42,879)
Community Amenities	(22,091,707)	(21,193,172)	(19,828,655)
Recreation and Culture	(27,848,525)	(29,964,882)	(29,578,723)
Transport	(8,360,433)	(11,348,408)	(9,830,393)
Economic Services	(2,105,537)	(117,436)	(104,897)
Other Property and Services	(17,431,444)	(8,524,746)	(8,174,196)
	(92,713,073)	(98,021,228)	(91,100,311)
<b>Net Result Excluding Rates</b>	<b>(39,907,886)</b>	<b>(65,727,591)</b>	<b>(41,620,617)</b>
<b>Adjustments for Cash Budget Requirements</b>			
<b>Non-Cash Revenue &amp; Expenditure</b>			
(Profit) / Loss on Asset Disposals	(53,548)	-	192,917
Depreciation on Assets	15,431,700	14,256,544	13,706,830
Plant Investment Provision	(898,109)	287,811	517,994
Investments Impaired / (Written Off)	(1,050,000)	-	(1,867,763)
Increase in Equity - SMRC Joint Venture	(809,303)	-	(963,122)
Impairment Loss (Plant & Equipment)	-	-	204,908
Net Current Movement in Other Debtor/Creditors	(300,000)	-	(350,000)
Revaluation of Investment Properties	(14,167,779)	-	-
Movement in Deferred Pensioner Rates/ESL (non-current)	(113,761)	-	8,145
Movement in Employee Benefit Provisions (non-current)	(190,704)	-	(49,617)
	(2,151,504)	14,544,355	11,400,293
<b>Capital Revenue &amp; Expenditure</b>			
Purchase of Furniture & Equipment	(732,688)	(1,593,524)	(1,448,369)
Purchase of Plant & Equipment	(4,681,219)	(4,702,747)	(3,148,164)
Purchase of Land & Buildings	(1,911,701)	(2,034,000)	(1,807,491)
Purchase of Infrastructure Assets	(15,312,903)	(16,125,081)	(11,353,523)
Work in Progress	(240,878)	-	(184,049)
Proceeds from Disposal of Assets	1,985,167	708,950	1,848,220
Repayment of Debentures	(268,319)	(268,319)	(370,679)
Self-Supporting Loan Principal Revenue	268,725	268,319	370,679
Funds to be Set Aside	(30,790,794)	(22,267,090)	(22,721,187)
Funds to be Used	24,613,397	19,265,980	19,731,290
Carry Forward Funds to be Set Aside	(6,502,662)	-	(6,138,958)
	(33,573,875)	(26,747,512)	(25,222,229)
<b>ADD : Surplus/(Deficit) - July 1 B/Fwd</b>	<b>1,566,790</b>	<b>250,000</b>	<b>944,344</b>
<b>LESS : (Surplus)/Deficit - June 30 C/Fwd</b>	<b>(4,484,869)</b>	<b>-</b>	<b>(1,566,790)</b>
<b>Amount Required to be Raised from General Rates</b>	<b>(78,551,344)</b>	<b>(77,680,748)</b>	<b>(56,065,000)</b>



**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

**(a) Basis of Preparation**

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of 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 the City controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

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

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

**(c) Cash and Cash Equivalents**

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

Bank overdrafts are shown as short term borrowings in current liabilities on the Statement of Financial Position.

**(d) Superannuation**

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

Contributions to defined contribution plans are recognised as an 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**

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

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from or payable to the Australian Taxation Office (ATO) is included with receivables or payables in the Statement of Financial Position. Cash flows are presented on a Gross basis.

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

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Trades and Other Receivables**

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

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

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

**(g) Inventories**

**General**

Inventories are measured 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.

**Land Held for Resale**

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

Gains and losses are recognised in the Statement of Comprehensive Income at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

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

**(h) Fixed Assets**

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

**Mandatory Requirement to Revalue Non-Current Assets**

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment: and
  - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
    - (i) that are plant and equipment; and
    - (ii) that are -
      - (I) land and buildings; or
      - (II) infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

The City has commenced the process of adopting Fair Value in accordance with the Regulations. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Land Under Control**

In accordance with Local Government (Financial Management) Regulation 16 (a), the City was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

**Initial Recognition**

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the City includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

**Revaluation**

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

**Land Under Roads**

In Western Australia, all land under roads is Crown land, the responsibility for managing which, is vested in the local government.

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

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

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

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

**Investment Properties**

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Investment properties are re-valued annually and are included in the statement of financial position at their open market value. These values are supported by market evidence and are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property. Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss within change in fair value of investment property.

Rental income and operating expenses from investment property are reported within revenue and other expenses respectively, and are recognised as described in Notes 4.6 and 4.7.

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Depreciation**

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

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset are:

Artworks	Not Depreciated
Buildings	40 - 200 Years
Buildings - Investment Properties	40 - 200 Years
Land	Not Depreciated
Land - Investment Properties	Not Depreciated
Computer Equipment	3 - 4 Years
Electronic Equipment	3 - 4 Years
Furniture and Fittings	3 - 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
Footpaths	30 - 50 Years
Irrigation Systems	20 Years
Landscaping	5 Years
Roads & Streets:	
Formation	Not Depreciated
Pavement	50 Years
Seal:	
Bituminous	20 Years
Asphalt	25 Years
Street Furniture	20 Years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

**(i) Fair Value of Assets and Liabilities**

When performing a revaluation, the City uses a mix of both independent and management valuations using the following as a guide:

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

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



**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Fair Value Hierarchy**

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

**Valuation techniques**

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

**Market approach**

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

**Income approach**

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

**Cost approach**

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

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(j) Financial Instruments**

***Initial Recognition and Measurement***

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

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

***Classification and Subsequent Measurement***

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

Amortised cost is calculated as:

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

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

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

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included being included in profit or loss. Assets in this category are classified as current assets.

***(ii) Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

***(iii) Held-to-maturity investments***

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

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

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*(iv) Available-for-sale financial assets*

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

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

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

*(v) Financial liabilities*

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

**Impairment**

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial instruments, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in Other Comprehensive Income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

**Derecognition**

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

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

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Impairment of Assets**

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

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

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

For non-cash generating 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 represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

**(m) Employee Benefits**

**Short-Term Employee Benefits**

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

The City's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The City's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the Statement of Financial Position.

**Other Long-Term Employee Benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

**(n) Borrowing Costs**

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

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(o) Provisions**

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

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

**(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 City, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

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

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

**(q) Interests in Joint Arrangements**

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

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

**(r) Rates, Specified Area 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.

**(s) Rounding Off Figures**

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

**(t) Comparative Figures**

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

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



**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(u) Current and Non-Current Classification**

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

**(v) 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 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the City.

Management's assessment of the new and amended pronouncements that are relevant to the City, applicable to future reporting periods and which have not yet been adopted are set out as follows:

	Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(i)	AASB 9 – Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	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 City, it is not anticipated the standard will have any material effect.
(ii)	AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)  [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	September 2012	1 January 2018	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 City (refer (i) above).
(iii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend upon the nature of future transactions the City has with those third parties it has dealings with. It may or may not be significant.
(iv)	AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments  [Operative date: Part C Financial Instruments - 1 January 2015]	December 2013	Refer title column	Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.  As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the City.
(v)	AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations  [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: Joint Arrangements to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.  Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the City's financial statements.

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

	<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(vi)	AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation	August 2014	1 January 2016	<p>This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p> <p>Given the City currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.</p>
(vii)	AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	01 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>
(viii)	AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101	January 2015	01 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures.</p>
(ix)	AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	01 July 2015	<p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn.</p> <p>It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.</p>
(x)	AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities.  [AASB 10, 124 & 1049]	March 2015	01 July 2016	<p>The objective of this Standard is to extend the scope of AASB 124 Related Party Disclosures to include not-for-profit sector entities.</p> <p>The Standard is expected to have a significant disclosure impact on the financial report of the City as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.</p>

**(x) Adoption of New and Revised Accounting Standards**

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

These new and revised Standards were:

AASB 2011-7  
AASB 2012-3  
AASB 2013-3  
AASB 2013-8  
AASB 2013-9 Parts A & B

Most of the Standards adopted had a minimal effect on the accounting and reporting practices of the City as they did not have a significant impact on the accounting or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

CITY OF MELVILLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015

**2. OPERATING REVENUES AND EXPENSES**

**(a) Net Result:**

	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
<b>(i) Charging as Expenses:</b>			
<b>Depreciation</b>			
<b><u>By Class</u></b>			
Infrastructure	6,543,147	5,826,523	5,848,488
Building	4,550,844	4,138,802	4,213,062
Mobile Plant	1,220,089	2,000,004	973,958
Plant & Equipment	2,070,509	1,508,731	1,682,035
Computer Equipment	779,740	570,699	626,359
Furniture & Fittings	267,371	211,784	362,927
	<b>15,431,700</b>	<b>14,256,543</b>	<b>13,706,830</b>
<b>Borrowing Costs Expense</b>	<b>193,391</b>	<b>198,253</b>	<b>218,985</b>
<b>Auditors Remuneration</b>			
Audit of the Annual Financial Report	22,307	30,000	20,840
Other Services	1,900	1,300	2,700
<b>Profit / (Loss) on Sale of Non-Current Assets</b>	<b>53,548</b>	<b>-</b>	<b>(192,917)</b>
<b>(ii) Crediting as Revenues</b>			
<b>Significant Revenue</b>			
General Purpose Funding*	-	-	<b>1,738,786</b>
Community Amenities <sup>#</sup>	<b>809,303</b>	-	<b>963,122</b>
This significant revenue / (expenses) relates to:			
*Investments that were written down in previous years.			
<sup>#</sup> The recognition of the City's interest in its Joint Venture with the SMRC (refer to Note 25 for further detail)			
<b>Interest Earnings</b>			
<b><u>Investments</u></b>			
Reserve Funds	3,413,806	2,500,000	3,342,205
Other Funds	1,011,252	1,470,000	1,251,762
	<b>4,425,058</b>	<b>3,970,000</b>	<b>4,593,967</b>

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**3. DISCLOSURE REQUIREMENTS**

**Statement of Objectives**

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.

<b>Program Titles</b>	<b>Objectives/Activities Included Within the Program</b>
Governance	Members of Council Administration General Corporate Support Services Financial Services Information Technology & Information Services Management Services Employee Services Corporate Services Organisational Development
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 Safety Service 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 2015**

**3. DISCLOSURE REQUIREMENTS (Continued)**

<b>Program Titles</b>	<b>Objectives/Activities Included Within the Program</b>
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 Foreshore Building & Area Maintenance Other Recreation & Sport Parks & Reserves Maintenance 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 30TH JUNE 2015**

**4. CASH and CASH EQUIVALENTS**

	2014/15 Actual \$	2013/14 Actual \$
<b>(a) Current Assets</b>		
Cash on Hand	8,441	7,600
Cash at Bank (Includes 11am at call accounts)	5,503,887	2,825,051
Term Deposits, Bonds & Floating Rate Term Deposits	98,715,398	89,033,688
Cash and Cash Equivalents	<b>104,227,726</b>	<b>91,866,339</b>
Investments	-	1
(Available for Sale )*See Note 5		
	<b>104,227,726</b>	<b>91,866,340</b>
<b>Represented by</b>		
Restricted Funds	95,757,355	82,027,297
Unrestricted Funds	8,470,371	9,839,043
*See Note 12 & Note 13	<b>104,227,726</b>	<b>91,866,340</b>
<b>(b) Restricted Funds</b>		
The following restrictions have been imposed by regulations or other externally imposed requirements:		
<b>(a) Reserve Funds</b>	95,757,355	82,027,298
<b>Total Restricted Funds</b>	<b>95,757,355</b>	<b>82,027,298</b>
*See Note 12		
<b>(c) Conditions Over Contributions</b>		
Grants/contributions recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period.		
Transport	-	-
Other Property and Services	-	-
New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the mannerspecified by the contributor.		
Transport	569,099	-
Other Property and Services	1,104,509	-
Grants/contributions which have been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.		
Transport	-	579,330
Other Property and Services	-	1,126,120

**5. NON-CURRENT ASSETS**

	2014/15 Actual \$	2013/14 Actual \$
Units (10) held in Local Government House	230,645	230,645
Equity - SMRC Joint Venture (Refer Note 24)	8,497,696	7,688,394
<b>Total Other Financial Assets</b>	<b>8,728,341</b>	<b>7,919,039</b>

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**6. TRADE AND OTHER RECEIVABLES**

	<b>2014/15 Actual \$</b>	<b>2013/14 Actual \$</b>
<b>Current</b>		
Rates Outstanding	4,115,433	2,612,964
Sundry Debtors	378,809	330,290
Less: Provision for Bad and Doubtful Debts	(6,280)	(6,280)
Goods and Services Tax Refund	448,414	716,527
Accrued Income	2,145,602	2,646,257
Loans - Clubs and Community Groups	276,333	268,319
	<b>7,358,311</b>	<b>6,568,077</b>
<b>Non-Current</b>		
Other Debtors	-	1,150,000
Deferred Rates - Pensioners *	1,348,309	1,234,547
Loans - Clubs and Community Groups	2,793,862	3,070,194
	<b>4,142,171</b>	<b>5,454,741</b>
* Amounts deferred by eligible pensioners in accordance with the Rates and Charges (Rebates and Deferments) Act 1992.		

**7. INVENTORIES AND OTHER ASSETS**

	<b>2014/15 Actual \$</b>	<b>2013/14 Actual \$</b>
<b>(a) INVENTORIES</b>		
Fuel and Materials at Cost	124,721	127,349
	<b>124,721</b>	<b>127,349</b>
<b>(b) OTHER ASSETS</b>		
Prepayments (Prepaid Expenses)	528,547	593,472
	<b>528,547</b>	<b>593,472</b>

**8. TRADE AND OTHER PAYABLES**

	<b>2014/15 Actual \$</b>	<b>2013/14 Actual \$</b>
<b>Current</b>		
Trade Creditors	2,361,953	6,489,289
Other Creditors	500,000	500,000
Accrued Interest	-	64,901
Accrued Salaries and Wages	1,133,692	1,364,339
Amounts Received in Advance	757,730	1,062,619
	<b>4,753,375</b>	<b>9,481,148</b>
<b>Non-Current</b>		
Creditors	206,294	1,145,739
	<b>206,294</b>	<b>1,145,739</b>

**9. PROVISIONS**

	<b>2014/15 Actual \$</b>	<b>2013/14 Actual \$</b>
<b>Current</b>		
Provision for Annual Leave	3,228,156	2,860,881
Provision for Long Service Leave	3,739,217	3,300,802
	<b>6,967,373</b>	<b>6,161,683</b>
<b>Non-Current</b>		
Provision for Long Service Leave	602,636	793,340
	<b>602,636</b>	<b>793,340</b>

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**10. PROPERTY, PLANT and EQUIPMENT, INFRASTRUCTURE and INVESTMENT PROPERTY**

**(a) Property, Plant and Equipment**

	<b>2014/15 Actual \$</b>	<b>2013/14 Actual \$</b>
<b>Land</b>		
At Independent Valuation	528,613,627	169,849,000
Less : Transfer to Investment Property	(8,570,402)	(23,330,402)
Less : Disposal	(800,000)	(1,200,000)
<b>Closing Written Down Value</b>	<b>519,243,225</b>	<b>145,318,598</b>
<b>Buildings</b>		
At Independent Valuation	184,561,887	119,136,280
Add : Addition at Cost	1,708,170	1,807,491
Less : Disposal	(144,002)	-
Less : Accumulated Depreciation	(20,385,579)	(7,610,815)
<b>Closing Written Down Value</b>	<b>165,740,476</b>	<b>113,332,956</b>
<b>Land Vested In &amp; Under Council Control</b>		
At Independent Valuation	5,138,491	484,000
<b>Closing Written Down Value</b>	<b>5,138,491</b>	<b>484,000</b>
<b>Plant and Equipment</b>		
At Management Valuation	19,494,128	17,811,115
Add : Addition at Cost Since Valuation	2,498,160	1,944,260
Less : Disposal	(8,000)	(261,247)
Less : Accumulated Depreciation	(12,520,556)	(10,451,284)
<b>Closing Written Down Value</b>	<b>9,463,732</b>	<b>9,042,844</b>
<b>Electronic Equipment</b>		
At Management Valuation	524,375	422,609
Add : Addition at Cost Since Valuation	29,831	127,896
Less : Disposal	(25,776)	(26,129)
Less : Accumulated Depreciation	(391,688)	(339,365)
<b>Closing Written Down Value</b>	<b>136,742</b>	<b>185,011</b>
<b>Furniture and Fittings</b>		
At Management Valuation	4,102,267	3,786,344
Add : Addition at Cost Since Valuation	127,167	609,653
Less : Disposal	(34,212)	(293,730)
Less : Accumulated Depreciation	(2,642,314)	(2,394,300)
<b>Closing Written Down Value</b>	<b>1,552,908</b>	<b>1,707,967</b>
<b>Computer Equipment</b>		
At Management Valuation	5,777,585	5,211,188
Add : Addition at Cost Since Valuation	273,485	634,050
Less : Disposal	(103,755)	(69,466)
Less : Accumulated Depreciation	(5,035,871)	(4,429,379)
<b>Closing Written Down Value</b>	<b>911,444</b>	<b>1,346,393</b>
<b>Property Improvements</b>		
At Management Valuation	1,369,156	1,369,156
Less : Accumulated Depreciation	(1,338,993)	(1,319,601)
<b>Closing Written Down Value</b>	<b>30,163</b>	<b>49,555</b>
<b>Mobile Plant</b>		
At Management Valuation	7,378,316	7,047,080
Add : Addition at Cost Since Valuation	4,681,219	1,203,904
Less : Disposal	(1,408,313)	(872,668)
Less : Accumulated Depreciation	(1,897,932)	(1,111,404)
<b>Closing Written Down Value</b>	<b>8,753,290</b>	<b>6,266,912</b>

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

(a) Property, Plant and Equipment(continued)	2014/15 Actual \$	2013/14 Actual \$
<b>Artworks</b>		
At Management Valuation	1,087,490	1,010,720
Add : Addition at Cost Since Valuation	132,391	76,770
Less : Disposal	(4,950)	-
Less : Accumulated Depreciation	(13,009)	(13,029)
<b>Closing Written Down Value</b>	<b>1,201,922</b>	<b>1,074,461</b>
<b>Total Property, Plant and Equipment</b>		
At Independent / Management Valuation	758,047,322	326,127,492
Add : Addition at Cost Since Valuation	9,450,424	6,404,024
Less : Disposal	(2,529,009)	(2,723,240)
Less : Transfer to Investment Porperty	(8,570,402)	(23,330,402)
Less : Accumulated Depreciation	(44,225,941)	(27,669,178)
<b>Closing Written Down Value</b>	<b>712,172,394</b>	<b>278,808,697</b>
(b) Infrastructure		
	2014/15 Actual \$	2013/14 Actual \$
<b>Infrastructure - Roads</b>		
At Management Valuation	254,973,774	254,920,798
Less : Accumulated Depreciation	(87,296,136)	(109,879,693)
<b>Closing Written Down Value</b>	<b>167,677,638</b>	<b>145,041,105</b>
<b>Infrastructure - Drains</b>		
At Management Valuation	112,730,690	116,732,968
Less : Accumulated Depreciation	(51,532,382)	(66,803,553)
<b>Closing Written Down Value</b>	<b>61,198,308</b>	<b>49,929,415</b>
<b>Infrastructure - Footpath</b>		
At Management Valuation	86,293,172	86,018,246
Less : Accumulated Depreciation	(23,317,625)	(22,458,604)
<b>Closing Written Down Value</b>	<b>62,975,547</b>	<b>63,559,642</b>
<b>Infrastructure - Parks</b>		
At Management Valuation	8,546,604	7,686,601
Less : Accumulated Depreciation	(6,344,584)	(6,056,629)
<b>Closing Written Down Value</b>	<b>2,202,020</b>	<b>1,629,972</b>
<b>Infrastructure - Street Furniture</b>		
At Management Valuation	8,764,866	8,702,724
Less : Accumulated Depreciation	(7,005,628)	(6,856,167)
<b>Closing Written Down Value</b>	<b>1,759,238</b>	<b>1,846,557</b>
<b>Infrastructure - Irrigation Systems</b>		
At Management Valuation	15,134,190	14,179,603
Less : Accumulated Depreciation	(8,126,540)	(7,573,441)
<b>Closing Written Down Value</b>	<b>7,007,650</b>	<b>6,606,162</b>
<b>Infrastructure - Work In Progress</b>	<b>240,878</b>	<b>-</b>
<b>Total Infrastructure</b>		
At Management Valuation	486,684,174	488,240,940
Less : Accumulated Depreciation	(183,622,895)	(219,628,087)
<b>Closing Written Down Value</b>	<b>303,061,280</b>	<b>268,612,853</b>

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

<b>(c) Investment Property</b>	<b>2014/15 Actual \$</b>	<b>2013/14 Actual \$</b>
<b>Investment Property : Land</b>		
At Independent Valuation	39,693,373	11,650,000
Add : Transfers From Land	8,570,402	23,330,402
<b>Closing Written Down Value</b>	<b>48,263,775</b>	<b>34,980,402</b>
<b>Investment Property : Buildings</b>		
At Independent Valuation	256,519	45,000
Add : Addition at Cost	-	-
Less : Disposal	-	(10,000)
Less : Accumulated Depreciation	(144,292)	(6,282)
<b>Closing Written Down Value</b>	<b>112,227</b>	<b>28,718</b>
<b>Total Investment Property</b>		
At Management Valuation	39,949,892	11,695,000
Add : Addition at Cost	-	-
Add : Transfers From Land	8,570,402	23,330,402
Less : Disposal	-	(10,000)
Less : Accumulated Depreciation	(144,292)	(6,282)
<b>Closing Written Down Value</b>	<b>48,376,002</b>	<b>35,009,120</b>

**(d) Disposal of Assets**

	<b>Net Book Value (\$)</b>		<b>Sale Proceeds (\$)</b>		<b>Profit / (Loss) (\$)</b>	
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>
Artwork	4,918	-	-	-	(4,918)	-
Computer Equipment	4,458	-	-	-	(4,458)	-
Electronic Equipment	2,335	-	-	-	(2,335)	-
Furniture & Fittings	14,854	-	1,872	-	(12,982)	-
Plant & Equipment	6,764	-	2,980	-	(3,784)	-
Land & Building	923,526	-	1,349,247	-	425,721	-
Mobile Plant and Vehicles	974,752	694,950	631,068	694,950	(343,684)	-
<b>Total</b>	<b>1,931,607</b>	<b>694,950</b>	<b>1,985,167</b>	<b>694,950</b>	<b>53,560</b>	<b>-</b>

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**(e) Summary of Asset Movements**

	Balance as at 01/07/2014	Additions & Transfers	Disposals	Revaluations/T ransfers	Depreciation	Balance as at 30/06/2015
Property, Plant & Equipment						
Land	145,318,598	800,000	(800,000)	373,924,627		519,243,225
Buildings	113,332,956	1,708,170	(123,526)	55,353,431	(4,530,555)	165,740,476
Land Vested	484,000	-	-	4,654,491		5,138,491
Plant & Equipment	9,042,844	2,498,160	(6,764)	-	(2,070,509)	9,463,731
Electronic Equipment	185,011	29,831	(2,335)	-	(75,764)	136,743
Furniture & Fittings	1,707,967	127,167	(14,854)	-	(267,371)	1,552,909
Computer Equipment	1,346,393	273,485	(4,458)	-	(703,976)	911,444
Property Improvement	49,555	-	-	-	(19,392)	30,163
Mobile Plant	6,266,912	4,681,219	(974,752)	-	(1,220,089)	8,753,290
Artworks	1,074,461	132,391	(4,918)	-	(12)	1,201,922
	<b>278,808,697</b>	<b>10,250,423</b>	<b>(1,931,607)</b>	<b>433,932,549</b>	<b>(8,887,668)</b>	<b>712,172,394</b>
Infrastructure						
Roads	144,857,057	9,786,777	-	16,546,295	(3,512,490)	167,677,639
Drains	49,929,414	848,029	-	11,124,149	(703,285)	61,198,307
Footpaths	63,559,642	676,556	-	76,206	(1,336,857)	62,975,547
Parks	1,629,973	860,003	-	-	(287,955)	2,202,021
Street Furniture	1,846,557	62,142	-	-	(149,461)	1,759,238
Irrigation System	6,606,161	954,587	-	-	(553,099)	7,007,649
	<b>268,428,804</b>	<b>13,188,094</b>	<b>-</b>	<b>27,746,650</b>	<b>(6,543,147)</b>	<b>302,820,401</b>
Infrastructure Work in Progress	184,049	56,829	-	-	-	240,878
	<b>268,612,853</b>	<b>13,244,923</b>	<b>-</b>	<b>27,746,650</b>	<b>(6,543,147)</b>	<b>303,061,279</b>
Investment Property :						
Land	34,980,402	(800,000)	-	14,083,373	-	48,263,775
Buildings	28,718	-	-	84,406	(897)	112,227
	<b>35,009,120</b>	<b>(800,000)</b>	<b>-</b>	<b>14,167,779</b>	<b>(897)</b>	<b>48,376,002</b>
<b>Total</b>	<b>582,430,670</b>	<b>22,695,346</b>	<b>(1,931,607)</b>	<b>475,846,978</b>	<b>(15,431,712)</b>	<b>1,063,609,675</b>

**Revaluation of Assets**

Infrastructure assets (roads, drainage and footpaths) was re-valued by management at 30 June 2015 for 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 2014/15, these figure were also independently reviewed and confirmed by external valuers and has resulted in a net transfer to the asset revaluation reserve of \$27,746,650. Refer to Note 31 for further narration/information regarding valuation of infrastructure assets.

Land (including crown land of regional significance) and building assets was revalued by an independent valuer at 30 June 2015 for fair valuation. The valuations was carried out by APV Valuers (Licence Number 44694). Fair valuation for 14/15 has resulted in a net transfer to the asset revaluation reserve of \$433,932,549.

Land and building Investment Properties was revalued by an independent valuer at 30 June 2015 for fair valuation. The valuations was carried out by APV valuers and has resulted in a net increase to other revenue of \$14,167,779.



**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**11. BORROWINGS**

	2014/15 Actual \$	2013/14 Actual \$
<b>Current</b>		
Borrowings - Current Portion	276,333	268,319
<b>Non-Current Loans</b>		
Borrowings - Non-Current Portion	2,793,861	3,070,194
<b>Total</b>	<b>3,070,194</b>	<b>3,338,513</b>

**(a) Details of Loan Liability**

Program / Sporting Body	Loan No	Principal 1 July 2014	(Loans Discharged) New Loans	Interest \$		Principal Repayment		Principal \$ 30 June 2015
				Budget	Actual	Budget	Actual	
<b>Recreation and Culture</b>								
Applecross Tennis Club	372	34,277		2,021	1,994	13,529	13,529	20,748
Kardinya Bowling Club	379	168,923		11,849	11,195	25,981	25,981	142,942
Melville Glades Golf Club	382	606,179		41,935	40,244	58,291	58,291	547,888
Melville Bowling Club	394	7,976		257	159	7,976	7,976	-
Leeming Sport Association	398	150,067		9,152	8,929	12,884	12,884	137,183
Tompkins Park Community and Recreational Association	399	353,016		21,114	21,112	14,379	14,379	338,637
Melville Hockey Club	400	131,672		7,673	7,497	18,873	18,873	112,799
Bull Creek Tennis Club	406	62,474		3,506	3,494	3,975	3,975	58,499
Kardinya Bowling Club	408	57,573		3,472	3,434	10,153	10,153	47,420
Melville Glades Golf Club (17.5 years @ 6.00%)	411	1,367,269		82,046	80,516	61,381	61,380	1,305,889
Fremantle CBC Amateur Football Club	412	23,734		1,085	1,062	2,714	2,714	21,020
Mt Pleasant Bowling Club	413	261,874		9,867	9,595	26,640	26,640	235,234
Blue Gum Tennis Club	414	113,479		4,276	4,158	11,544	11,544	101,935
<b>Total</b>		<b>3,338,513</b>	<b>-</b>	<b>198,253</b>	<b>193,398</b>	<b>268,320</b>	<b>268,319</b>	<b>3,070,194</b>

\* All the above loans are self supporting loan to sporting clubs and associations.

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**12. RESERVES**

	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
<b>Cash &amp; Investment Backed Reserves</b>			
<b>Attadale West Underground Power and Streetscape Enhancement Reserve</b>			
To be used for underground power projects and streetscape enhancements in the Attadale West Underground Power project area.			
Opening Balance 1 July 2014	-	-	-
Amount set aside during the year	83,605	-	-
Amount set aside during the year - Investment Earnings	1,761	-	-
Amount used during the year	-	-	-
Closing Balance 30 June 2015	85,366	-	-
<b>Attadale South Underground Power and Streetscape Enhancement Reserve</b>			
To be used for underground power projects and streetscape enhancements in the Attadale South Underground Power project area.			
Opening Balance 1 July 2014	126,583	-	-
Amount set aside during the year	-	-	123,630
Amount set aside during the year - Investment Earnings	5,332	-	2,953
Amount used during the year	-	-	-
Closing Balance 30 June 2015	131,915	-	126,583
<b>Ardross West Underground Power and Streetscape Enhancement Reserve</b>			
To be used for underground power projects and streetscape enhancements in the Ardross West Underground Power project area.			
Opening Balance 1 July 2014	121,372	-	-
Amount set aside during the year	-	-	118,540
Amount set aside during the year - Investment Earnings	5,112	-	2,832
Amount used during the year	-	-	-
Closing Balance 30 June 2015	126,484	-	121,372
<b>Ardross East Underground Power and Streetscape Enhancement Reserve</b>			
To be used for underground power projects and streetscape enhancements in the Ardross East Underground Power project area.			
Opening Balance 1 July 2014	-	-	-
Amount set aside during the year	685,951	-	-
Amount set aside during the year - Investment Earnings	-	-	-
Amount used during the year	-	-	-
Closing Balance 30 June 2015	685,951	-	-
<b>Civic Centre Precinct Improvements Reserve</b>			
To be used for improvements to the buildings and associated landscaping and car parking located within the Civic Centre Precinct.			
Opening Balance 1 July 2014	103,275	101,842	98,566
Amount set aside during the year	-	-	-
Amount set aside during the year - Investment Earnings	2,244	4,152	4,709
Amount used during the year	(100,000)	(100,000)	-
Closing Balance 30 June 2015	5,519	5,994	103,275

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**12. RESERVES**

	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
<b>Cash &amp; Investment Backed Reserves</b>			
<b>Commercial Disposal (Refuse) Reserve</b>			
To be used for the acquisition and replacement of commercial refuse bins, vehicles, plant and equipment used for commercial waste operations and the development of commercial waste collection opportunities.			
Opening Balance 1 July 2014	1,214,372	968,909	951,886
Amount set aside during the year	166,034	44,115	211,942
Amount set aside during the year - Investment Earnings	54,648	39,502	50,544
Amount used during the year	-	-	-
Closing Balance 30 June 2015	1,435,054	1,052,526	1,214,372
<b>Community Facilities Reserve</b>			
To be used for the provision of new, renewed or upgraded community facilities owned by the City of Melville.			
Opening Balance 1 July 2014	11,319,741	6,314,656	8,931,981
Amount set aside during the year	2,420,378	2,220,378	2,489,000
Amount set aside during the year - Investment Earnings	505,269	257,447	472,518
Amount used during the year	(1,068,818)	(2,695,000)	(573,758)
Closing Balance 30 June 2015	13,176,570	6,097,481	11,319,741
<b>Community Surveillance and Security Service Reserve</b>			
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 1 July 2014	612,438	614,699	642,424
Amount set aside during the year	3,830	-	-
Amount set aside during the year - Investment Earnings	25,877	25,061	29,279
Amount used during the year	-	(81,107)	(59,265)
Closing Balance 30 June 2015	642,145	558,653	612,438
<b>Information Technology Reserve</b>			
To be used to fund the acquisition and replacement of computer software and information technology hardware.			
Opening Balance 1 July 2014	1,709,490	846,153	1,560,769
Amount set aside during the year	702,016	650,000	650,000
Amount set aside during the year - Investment Earnings	77,597	34,497	76,303
Amount used during the year	(436,540)	(704,964)	(577,582)
Closing Balance 30 June 2015	2,052,563	825,686	1,709,490
<b>Land and Property Reserve</b>			
To be used to fund revenue earning land and property purchases within the City of Melville.			
Opening Balance 1 July 2014	30,637,339	26,694,296	26,886,302
Amount set aside during the year	4,664,309	2,150,000	2,408,880
Amount set aside during the year - Investment Earnings	1,386,173	1,088,321	1,342,157
Amount used during the year	(121,136)	(250,000)	-
Closing Balance 30 June 2015	36,566,685	29,682,617	30,637,339

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**12. RESERVES**

	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
<b>Cash &amp; Investment Backed Reserves</b>			
<b>Leave Entitlements Reserve</b>			
To be used to fund annual, sick and long service leave entitlements accrued in previous financial years.			
Opening Balance 1 July 2014	1,923,104	1,896,404	1,835,409
Amount set aside during the year	288,631	288,631	-
Amount set aside during the year - Investment Earnings	87,083	77,316	87,695
Amount used during the year	-	-	-
Closing Balance 30 June 2015	2,298,818	2,262,351	1,923,104
<b>Parking Facilities Reserve</b>			
To be used to fund the provision, refurbishment or improvement of parking facilities and equipment.			
Opening Balance 1 July 2014	221,225	172,908	265,381
Amount set aside during the year	55,000	55,000	175,000
Amount set aside during the year - Investment Earnings	8,225	7,049	11,354
Amount used during the year	(106,928)	(50,000)	(230,510)
Closing Balance 30 June 2015	177,522	184,957	221,225
<b>Plant Replacement Reserve</b>			
To be used to fund the purchase of replacement motor vehicles and plant, including waste collection trucks.			
Opening Balance 1 July 2014	7,593,300	6,644,423	6,644,599
Amount set aside during the year	2,000,000	2,000,000	2,000,000
Amount set aside during the year - Investment Earnings	279,737	270,892	332,202
Amount used during the year	(3,904,207)	(3,913,114)	(1,383,501)
Closing Balance 30 June 2015	5,968,830	5,002,201	7,593,300
<b>Private Swimming Pool Inspection Fee Reserve</b>			
To temporarily retain any surpluses that may arise from the Swimming Pool Inspection fees to be used to offset any deficits in future year Swimming Pool Inspection Fees.			
Opening Balance 1 July 2014	52,906	22,742	-
Amount set aside during the year	-	-	51,672
Amount set aside during the year - Investment Earnings	1,749	927	1,234
Amount used during the year	(22,785)	(20,501)	-
Closing Balance 30 June 2015	31,870	3,168	52,906
<b>Public Open Space Reserve</b>			
To be used to fund the purchase, development and re-development of public open space, parks and reserves or for debt servicing costs associated with any loan borrowings taken out for such purposes.			
Opening Balance 1 July 2014	1,973,375	1,142,066	1,335,523
Amount set aside during the year	778,121	770,002	560,648
Amount set aside during the year - Investment Earnings	75,944	46,562	77,204
Amount used during the year	(1,118,913)	(740,000)	-
Closing Balance 30 June 2015	1,708,527	1,218,630	1,973,375

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**12. RESERVES**

	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
<b>Cash &amp; Investment Backed Reserves</b>			
<b>Rates Equalisation Reserve</b>			
To temporarily retain any surpluses that may be identified from the yearly audit of the City's operations, to be used in reducing the amount of rates required to be raised in future years.			
Opening Balance 1 July 2014	-	-	-
Amount set aside during the year	1,316,790	-	-
Amount set aside during the year - Investment Earnings	27,733	-	-
Amount used during the year	-	-	-
Closing Balance 30 June 2015	1,344,523	-	-
<b>Recreation Centres Equipment Replacement Reserve</b>			
To be used to fund the replacement of Recreation Centres equipment to meet the requirements of the Recreation Equipment Asset Management Plan.			
Opening Balance 1 July 2014	219,254	324,238	236,084
Amount set aside during the year	330,000	330,000	370,000
Amount set aside during the year - Investment Earnings	12,398	13,219	10,624
Amount used during the year	(179,812)	(265,320)	(397,454)
Closing Balance 30 June 2015	381,840	402,137	219,254
<b>Refuse Bins Reserve</b>			
To be used for the purchase and replacement of domestic refuse bins.			
Opening Balance 1 July 2014	1,146,153	829,821	1,022,258
Amount set aside during the year	200,000	200,000	200,000
Amount set aside during the year - Investment Earnings	52,490	33,832	50,594
Amount used during the year	-	(130,000)	(126,699)
Closing Balance 30 June 2015	1,398,643	933,653	1,146,153
<b>Refuse Facilities Reserve</b>			
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 and for the waste collection and disposal costs of waste associated with storm or disaster events.			
Opening Balance 1 July 2014	4,675,842	2,890,432	4,740,109
Amount set aside during the year	1,081,856	-	-
Amount set aside during the year - Investment Earnings	217,836	117,842	219,695
Amount used during the year	(90,338)	(200,000)	(283,962)
Closing Balance 30 June 2015	5,885,196	2,808,274	4,675,842
<b>Risk Management Reserve</b>			
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 1 July 2014	4,882,394	4,656,102	4,433,759
Amount set aside during the year	625,670	75,000	360,245
Amount set aside during the year - Investment Earnings	196,717	189,828	217,367
Amount used during the year	(1,050,000)	-	(128,977)
Closing Balance 30 June 2015	4,654,781	4,920,930	4,882,394

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**12. RESERVES**

	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
<b>Cash &amp; Investment Backed Reserves</b>			
<b>Infrastructure Asset Management Reserve</b>			
To be used to fund infrastructure asset management projects including the construction, maintenance and renewal of the City of Melville's road, path, kerbing, street furniture, park structures, playground, irrigation/reticulation and drainage infrastructure assets.			
Opening Balance 1 July 2014	8,406,179	7,200,221	6,720,555
Amount set aside during the year	11,974,796	10,983,964	9,659,427
Amount set aside during the year - Investment Earnings	389,881	293,552	352,941
Amount used during the year	(10,274,962)	(10,115,974)	(8,326,744)
Closing Balance 30 June 2015	10,495,894	8,361,763	8,406,179
<b>Unexpended Capital Works and Specific Purpose Grants Reserve</b>			
To be used to carry forward available funding for uncompleted projects and specific purpose grants, that will be completed and expended in ensuing financial years.			
Opening Balance 1 July 2014	6,138,958	8,338,348	7,642,838
Amount set aside during the year	6,502,662	-	6,138,958
Amount used during the year	(6,138,958)	(8,338,348)	(7,642,838)
Closing Balance 30 June 2015	6,502,662	-	6,138,958
<b>Summary Reserves</b>			
Opening Balance 1 July 2014	83,077,300	69,658,260	73,948,443
Amount set aside during the year	33,879,646	19,767,090	25,517,940
Amount set aside during the year - Investment Earnings	3,413,806	2,499,999	3,342,205
Amount used during the year	(24,613,397)	(27,604,328)	(19,731,290)
Closing Balance 30 June 2015	95,757,355	64,321,021	83,077,298
LESS : Investments (Impaired) / Written back			
2007/08	(10,295,749)	-	(10,295,749)
2008/09	(10,830,428)	-	(10,830,428)
2009/10	1,448,850	-	1,448,850
2010/11	1,588,369	-	1,588,369
2011/12	6,983,625	-	6,983,625
2012/13	8,187,570	-	8,187,570
2013/14	1,867,763	-	1,867,763
2014/15	1,050,000	-	-
<b>Net Reserves</b>	<b>95,757,355</b>	<b>64,321,021</b>	<b>82,027,297</b>

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**12(a). Asset Revaluation Surplus**

Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		<b>2014/15</b>	<b>2013/14</b>
		<b>\$</b>	<b>\$</b>
<b>Land and Buildings</b>			
Land - Opening Balance		138,117,340	138,117,340
Revaluation Increment		373,924,627	-
Revaluation (Decrement)		-	-
Closing Balance		512,041,967	138,117,340
Buildings - Opening Balance		65,174,901	65,174,901
Revaluation Increment		55,353,431	-
Revaluation (Decrement)		-	-
Closing Balance		120,528,332	65,174,901
Land Vested In & Under Council Control		484,000	484,000
Revaluation Increment		4,654,491	-
Revaluation (Decrement)		-	-
Closing Balance		5,138,491	484,000
The Asset Revaluation Surplus on the City's Investment Properties has been transferred to Retained Surplus for 2013/2014.			
<b>Plant and Equipment</b>			
Artworks - Opening Balance		146,087	146,087
Revaluation Increment		-	-
Revaluation (Decrement)		-	-
Closing Balance		146,087	146,087
Computer Equipment - Opening Balance		289,706	289,706
Revaluation Increment		-	-
Revaluation (Decrement)		-	-
Closing Balance		289,706	289,706
Electronic Equipment - Opening Balance		30,211	30,211
Revaluation Increment		-	-
Revaluation (Decrement)		-	-
Closing Balance		30,211	30,211
Furniture & Fittings - Opening Balance		365,169	287,257
Revaluation Increment (prior period adjustment)		-	77,912
Revaluation (Decrement)		-	-
Closing Balance		365,169	365,169
Plant & Equipment - Opening Balance		11,111,930	11,111,930
Revaluation Increment		-	-
Revaluation (Decrement)		-	-
Closing Balance		11,111,930	11,111,930
Mobile Plant - Opening Balance		875,130	748,134
Revaluation Increment (prior period adjustment)		-	126,996
Revaluation (Decrement)		-	-
Closing Balance		875,130	875,130



**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**12(a). Asset Revaluation Surplus**

Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		<b>2014/15</b>	<b>2013/14</b>
		<b>\$</b>	<b>\$</b>
<b>Infrastructure Assets</b>			
Drains - Opening Balance		32,498,432	34,983,171
Revaluation Increment		11,124,149	-
Revaluation (Decrement)		-	(2,484,739)
Closing Balance		43,622,581	32,498,432
Footpaths - Opening Balance		51,214,878	16,669,110
Revaluation Increment		76,206	34,545,768
Revaluation (Decrement)		-	-
Closing Balance		51,291,084	51,214,878
Irrigation - Opening Balance		2,076,717	1,473,738
Revaluation Increment		-	602,979
Revaluation (Decrement)		-	-
Closing Balance		2,076,717	2,076,717
Parks - Opening Balance		(1,372,958)	604,938
Revaluation Increment		-	-
Revaluation (Decrement)		-	(1,977,896)
Closing Balance		(1,372,958)	(1,372,958)
Roads - Opening Balance		20,777,855	25,954,025
Revaluation Increment		16,546,296	-
Revaluation (Decrement)		-	(5,176,170)
Closing Balance		37,324,151	20,777,855
Street Furniture - Opening Balance		1,838,645	1,838,645
Revaluation Increment		-	-
Revaluation (Decrement)		-	-
Closing Balance		1,838,645	1,838,645
<b>Reserves - Asset Revaluation</b>		<b>785,307,244</b>	<b>323,628,044</b>

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**13. TRUST ITEMS**

**(a) TRUST FUNDS**

The City has the custody of the following monies but not the capacity to deploy them in the pursuit of the City's objectives. The City's responsibility in respect of these monies is simply that of collecting agent. Accordingly, they are disclosed as non-controlled Trust items and are not shown in the Statement of Financial Position.

	<b>2014/15 Actual \$</b>	<b>2013/14 Actual \$</b>
<b>Deposits Held</b>		
Balance at beginning of reporting period	4,419,974	4,071,392
Amounts Received during reporting period	1,295,603	1,662,590
Amounts Paid during reporting period	(1,190,136)	(1,314,008)
<b>Balance at end of reporting period</b>	<b>4,525,441</b>	<b>4,419,974</b>
<b>Retention Monies</b>		
Balance at beginning of reporting period	-	-
Amounts Received during reporting period	-	-
Amounts Paid during reporting period	-	-
<b>Balance at end of reporting period</b>	<b>-</b>	<b>-</b>
<b>Prepaid Private Works</b>		
Balance at beginning of reporting period	291,531	291,531
Amounts Received during reporting period	-	-
Amounts Paid during reporting period	-	-
<b>Balance at end of reporting period</b>	<b>291,531</b>	<b>291,531</b>
<b>Miscellaneous Trusts (Election Nomination, Rates and Charges, etc.)</b>		
Balance at beginning of reporting period	39,217	26,217
Amounts Received during reporting period	91,920	13,000
Amounts Paid during reporting period	(9,000)	-
<b>Balance at end of reporting period</b>	<b>122,137</b>	<b>39,217</b>
<b>BCITF and Builders Registration Levy</b>		
Balance at beginning of reporting period	161,091	186,611
Amounts Received during reporting period	905,830	1,091,843
Amounts Paid during reporting period	(910,043)	(1,117,363)
<b>Balance at end of reporting period</b>	<b>156,878</b>	<b>161,091</b>
<b>Total Trust Items</b>	<b>5,095,987</b>	<b>4,911,813</b>

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**14. STATEMENT OF RATING INFORMATION**

**STATEMENT OF RATING INFORMATION**

<b>ACTUAL 2014-2015</b>									
	<b>GENERAL RATE</b>				<b>MINIMUM RATE</b>				
	No. of Prop.	Rateable Value \$	Rate in \$ Cents	Rate Yield \$	No.	Minimum Rateable Value \$	Minimum \$	Yield \$	TOTAL \$
General Rate GRV									
Residential - Improved	27,745	801,002,941	0.058850	47,138,265	11,454	186,590,610	1,160.00	13,286,640	60,424,905
Residential - Unimproved	840	21,456,860	0.062900	1,422,354	191	1,755,480	740.00	141,340	1,563,694
	<b>28,585</b>	<b>822,459,801</b>		<b>48,560,619</b>	<b>11,645</b>	<b>188,346,090</b>		<b>13,427,980</b>	<b>61,988,599</b>
Commercial - Improved	1,367	237,128,892	0.061170	14,505,140	186	1,455,693	900.00	167,400	14,672,540
Commercial - Unimproved	19	1,761,398	0.061170	107,744	2	15,200	900.00	1,800	109,544
Strata Units			0.061170		57	110,629	900.00	51,300	51,300
	<b>1,386</b>	<b>238,890,290</b>		<b>14,612,884</b>	<b>245</b>	<b>1,581,522</b>		<b>220,500</b>	<b>14,833,384</b>
									<b>76,821,983</b>
Stroage Unit Concession / Other Interim Rates									(20,206) 1,015,790
<b>Sub Total General Rate</b>									<b>77,817,567</b>
Instalment Administration Fee									165,029
Instalment Interest									252,596
Late Payment Interest									276,184
Deferred Rates Interest									39,968
									<b>733,777</b>
<b>GRAND TOTAL</b>	<b>29,971</b>	<b>1,061,350,091</b>		<b>63,173,503</b>	<b>11,890</b>	<b>189,927,612</b>		<b>13,648,480</b>	<b>78,551,344</b>

<b>Actual 2014/2015</b>							
Property Type	Rate Assessments		Rateable Value		Rate Yield		Average Rate
	#	%	\$	%	\$	%	\$
Residential	40,230	96.10%	1,010,805,891	80.78%	61,988,599	80.69%	1,541.00
Commercial	1,631	3.90%	240,471,812	19.22%	14,833,384	19.31%	9,095.00
	<b>41,861</b>	<b>100.00%</b>	<b>\$1,251,277,703</b>	<b>100.00%</b>	<b>\$76,821,983</b>	<b>100.00%</b>	

<b>BUDGET 2014-2015</b>									
	<b>GENERAL RATE</b>				<b>MINIMUM RATE</b>				
	No. of Prop.	Rateable Value \$	Rate in \$ Cents	Rate Yield \$	No.	Minimum Rateable Value \$	Minimum \$	Yield \$	TOTAL \$
General Rate GRV									
Residential - Improved	27,746	801,249,034	5.588500	47,153,506	11,461	186,707,470	1,160.00	13,294,760	60,448,266
Residential - Unimproved	831	21,338,760	6.629000	1,414,546	188	1,723,680	740.00	139,120	1,553,666
	<b>28,577</b>	<b>822,587,794</b>		<b>48,568,052</b>	<b>11,649</b>	<b>188,431,150</b>		<b>13,433,880</b>	<b>62,001,932</b>
Commercial - Improved	1,363	235,939,287	6.117000	14,432,406	188	1,468,973	900.00	169,200	14,601,606
Commercial - Unimproved	19	1,761,398	6.117000	107,745	2	15,200	900.00	1,800	109,545
Strata Units			6.117000		57	110,629	900.00	51,300	51,301
	<b>1,382</b>	<b>237,700,685</b>		<b>14,540,151</b>	<b>247</b>	<b>1,594,802</b>		<b>222,300</b>	<b>14,762,452</b>
									<b>76,764,384</b>
Stroage Unit Concession / Other Interim Rates									(25,650) 237,013
<b>Sub Total General Rate</b>									<b>76,975,747</b>
Instalment Administration Fee									155,000
Instalment Interest									230,000
Late payment Interest									320,000
<b>GRAND TOTAL</b>	<b>29,959</b>	<b>1,060,288,479</b>		<b>63,108,203</b>	<b>11,896</b>	<b>190,025,952</b>		<b>13,656,180</b>	<b>77,680,747</b>

**DIFFERENTIAL RATING**

A differential rate loading of 12.65 per cent above the residential improved land rate was applied to residential unimproved (vacant) land. A differential rate loading of 3.94 per cent above the residential improved land rate was applied to commercial and industrial land. If the differential rates were not imposed, the rate in the dollar would be approximately 5.987 cents with a minimum rate of \$1,151.60. This rate is referred to as the standard rate.

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

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(a) Discounts**

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

**(b) Early Payment Incentive**

Ratepayers who pay their full rate notice balance by the early payment date are 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.

<b>Prizes offered as early payment incentives</b>	<b>\$</b>
Major Prize - Westpac Banking Corporation Bonus Saver Account	<b>3,000</b>
Minor Prize - City of Melville Gym Memberships	<b>850</b>
Minor Prize - Matters of Taste Cooking Classes	<b>625</b>
Minor Prize - Stockland Bull Creek Shopping Centre Voucher	<b>500</b>
Minor Prize - Le Beau Day Spa Voucher	<b>500</b>
<b>Total</b>	<b><u>5,475</u></b>

**(c) Concessions**

A concession was granted to strata titled storage units of 18<sup>m</sup> or smaller, whereby the minimum rate charged was \$450.00. The value of this concession was \$25,650. A 100% concession from General Rates was granted to the Melville Glades Golf Club. The value of this concession was \$16,584.70.

**16. INFORMATION ABOUT INTEREST PAYMENTS AND ADDITIONAL CHARGES**

	<b>2013/14 Interest Rate</b>	<b>2014/15 Interest Rate</b>	<b>2014/15 Actual \$</b>	<b>2014/15 Budget \$</b>	<b>2013/14 Actual \$</b>
<b>Interest on Unpaid rates</b>	11%	11%	276,184	320,000	323,344
<b>Interest on Instalment Plan</b>	5.5%	4%	252,596	230,000	229,877
<b>Charges on Instalment Plan</b>	5%	4%	165,029	155,000	153,335

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 11 August 2014 to qualify for the early payment incentive prizes.

**Option 2** - Full amount of the rate notice payable by 25 August 2014.

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

1st Instalment	Due	25 August 2014
2nd Instalment	Due	27 October 2014
3rd Instalment	Due	6 January 2015
4th Instalment	Due	6 March 2015

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**17. FEES & CHARGES**

<b>Program</b>	<b>2014/15 Actual \$</b>	<b>2014/15 Budget \$</b>	<b>2013/14 Actual \$</b>
Governance	29,027	618,027	1,460,067
General Purpose Funding	-	-	1,947,514
Law, Order and Public Safety	255,329	225,500	300,946
Health	279,637	239,990	244,818
Education and Welfare	75,697	35,168	25,681
Housing	52,179	52,649	51,032
Community Amenities	3,252,789	1,571,629	15,432,456
Recreation and Culture	7,519,508	9,527,029	9,556,715
Transport	775,219	2,187,515	2,122,864
Economic Services	2,303,088	-	-
Other Property and Services	45,926	47,000	62,033
<b>Total</b>	<b>14,588,399</b>	<b>14,504,507</b>	<b>31,204,126</b>

**18. SERVICE CHARGES**

	<b>2014/15 Actual \$</b>	<b>2014/15 Budget \$</b>	<b>2013/14 Actual \$</b>
Community Security	2,205,135	2,192,080	2,128,720
Swimming Pool Inspections	317,878	318,748	283,632
Underground Power	3,948,449	3,972,000	1,592,996
	<b>6,471,462</b>	<b>6,482,828</b>	<b>4,005,348</b>

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 security services as an allowable service charge.

	<b>2014/15 Actual \$</b>	<b>2014/15 Budget \$</b>	<b>2013/14 Actual \$</b>
<b>Community Security</b>			
<b>Revenue</b>			
Call Out/Alarm Response Fees	2,236	1,500	2,373
City of Melville Security Patrol Fees (\$51.20 per property)	2,202,719	2,190,580	2,126,347
Other Fees	180	-	-
	<b>2,205,135</b>	<b>2,192,080</b>	<b>2,128,720</b>
<b>Expenses</b>			
Employee Costs	(1,585,115)	(1,650,927)	(1,569,024)
Internal Allocations	(540,701)	(524,907)	(510,988)
Internal Recovery	(44,009)	(38,553)	(49,029)
Materials & Contracts	(30,571)	(54,800)	(52,400)
Other Expenditure	(909)	(4,000)	(5,081)
	<b>(2,201,305)</b>	<b>(2,273,187)</b>	<b>(2,186,522)</b>
Amount (set aside) / used	(3,830)	-	-
<b>Net Community Security - Surplus / (Deficit) *</b>	<b>-</b>	<b>(81,107)</b>	<b>(57,802)</b>

\* 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.

	<b>2014/15 Actual \$</b>	<b>2014/15 Budget \$</b>	<b>2013/14 Actual \$</b>
<b>Swimming Pool Inspections</b>			
<b>Revenue</b>			
Building Application Fees	34	-	-
Swimming Pool Inspection Fees	315,714	316,648	283,632
Other Fees	2,130	2,100	-
	<b>317,878</b>	<b>318,748</b>	<b>283,632</b>
<b>Expenses</b>			
Employee Costs	(142,474)	(138,300)	(74,260)
Internal Allocations	(197,823)	(199,950)	(157,672)
Materials & Contracts	(366)	(1,000)	(28)
	<b>(340,663)</b>	<b>(339,250)</b>	<b>(231,960)</b>
Amount (set aside) / used	22,785	-	-
<b>Net Swimming Pool - Surplus / (Deficit) #</b>	<b>-</b>	<b>(20,502)</b>	<b>51,672</b>

#Surplus funds are transferred to the Unexpended Capital Works and Specific Purpose Grants Reserve to be used to offset future expenditure.

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**19. GRANT REVENUE**

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

<b>By Nature or Type:</b>	<b>2014/15 Actual \$</b>	<b>2014/15 Budget \$</b>	<b>2013/14 Actual \$</b>
Operating Grants, Subsidies and Contributions	5,562,989	3,675,801	2,111,356
Non-Operating Grants, Subsidies and Contributions	3,693,989	1,623,634	2,097,627
	<b>9,256,978</b>	<b>5,299,435</b>	<b>4,208,983</b>

<b>By Program:</b>	<b>2014/15 Actual \$</b>	<b>2014/15 Budget \$</b>	<b>2013/14 Actual \$</b>
Governance	905	-	177,028
General Purpose Funding	4,949,157	3,200,000	1,503,478
Law, Order, Public Safety	45,551	39,240	56,372
Health	4,472	-	-
Education & Welfare	446,345	195,007	217,711
Community Amenities	43,416	14,000	10,455
Recreation and Culture	280,358	60,403	269,971
Transport	3,282,790	1,771,755	1,973,438
Economic Services	21,981	6,000	-
Other Property and Services	182,003	13,030	531
	<b>9,256,978</b>	<b>5,299,435</b>	<b>4,208,983</b>

**20. INVESTMENT REVENUE**

<b>Fund</b>	<b>2014/15 Actual \$</b>	<b>2014/15 Budget \$</b>	<b>2013/14 Actual \$</b>
Interest Income - Reserve Funds	3,413,806	2,500,000	3,342,205
Interest Income - Other Funds	1,011,252	1,470,000	1,251,762
<b>Total Investment Revenue</b>	<b>4,425,058</b>	<b>3,970,000</b>	<b>4,593,967</b>

**21. INFORMATION ABOUT FEES, ETC. TO COUNCIL MEMBERS**

<b>Description</b>	<b>2014/15 Actual \$</b>	<b>2014/15 Budget \$</b>	<b>2013/14 Actual \$</b>
Sitting Fees - Mayor	46,900	45,000	19,298
Sitting Fees - Councillors	352,500	360,000	362,500
Conference and Training - Elected Members	41,208	61,750	33,823
Allowances - Mayor	85,000	85,000	108,802
Allowances - Deputy Mayor	21,250	21,250	14,333
Allowances - Councillors	60,396	85,585	65,414
<b>Total</b>	<b>607,254</b>	<b>658,585</b>	<b>604,170</b>

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.

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**22. CONTINGENT LIABILITIES**

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

	<b>2014/15 Actual</b>	<b>2013/14 Actual</b>
Contingent liability for additional Workers' Compensation Premium	\$ 5,639,075	\$ 4,720,825

Note sufficient funds for the payment of any expected claims in relation to this contingent liability are held in the Risk Management Reserve.

**23. EMPLOYEE NUMBERS**

	<b>2014/15 No. of Employees</b>	<b>2013/14 No. of Employees</b>
The number of full-time equivalent employees at balance sheet date	476	481

**24. INVESTMENT IN REGIONAL COUNCIL USING THE EQUITY METHOD**

The City 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 six local governments of which four are participants in the Canning Vale RRRC.

Participating Local Governments 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 Local Government member is based on the Australian Bureau of Statistics population statistics. Each project participant will develop equity in the project equal to the relevant proportion of the total capital loan repayments made by that project participant. The City of Melville's interest in the RRRC is 42.47 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 2015 is \$11,992,756 (unaudited).

	<b>2014/15 Actual \$ (unaudited)</b>	<b>2013/14 Actual \$ (audited)</b>
The City's share in the net assets of the SMRC (excluding equity)	7,369,211	7,369,211
Equity Ratio	42.47%	42.92%
Represented by Share of Joint Venture entity's Financial Position:		
Current Assets	9,010,706	8,535,038
Non Current Assets	27,985,155	30,939,880
<b>Total Assets</b>	<b>36,995,861</b>	<b>39,474,918</b>
Current Liabilities	5,362,869	5,511,254
Non Current Liabilities	8,647,294	9,907,865
<b>Total Liabilities</b>	<b>14,010,163</b>	<b>15,419,118</b>
LESS: City of Melville's share of SMRC Loan Liability	11,992,756	13,537,949
LESS: City of Melville's share of City of Canning SMRC Loan Liability	2,495,245	2,829,457
<b>Net Assets</b>	<b>8,497,697</b>	<b>7,688,394</b>
Net Increase / (Decrease) in Equity - SMRC Joint Venture	<b>809,303</b>	<b>963,122</b>



**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**25. MAJOR LAND TRANSACTIONS**

	<b>2014/15 Actual \$</b>	<b>2014/15 Budget \$</b>	<b>2013/14 Actual \$</b>
<b>Sale of 21 Weld Road, Palmyra</b>			
Operating Expenditure			
Selling Costs			
Capital Income			
Sale Proceeds	1,349,245	-	-
Capital Expenditure			
Net Book Value	(800,000)	-	-
<b>Profit / (Loss) on Sale</b>	<b>549,245</b>	<b>-</b>	<b>-</b>
<b>Sale of 35 St Michael Terrace, Mt Pleasant</b>			
Operating Expenditure			
Selling Costs	-	-	-
Capital Income			
Sale Proceeds	-	-	1,382,875
Capital Expenditure			
Net Book Value	-	-	(1,200,000)
<b>Profit / (Loss) on Sale</b>	<b>-</b>	<b>-</b>	<b>182,875</b>
<b>Expected future Cash Flows</b>			
<b>Cash Inflows</b>			
Sale Proceeds	-	-	-
Interest Proceeds	68,450	-	-
<b>Net Cash Flows</b>	<b>68,450</b>	<b>-</b>	<b>-</b>
<b>Cash Outflows</b>			
Repayment	500,000	300,000	-
<b>Net Cash Flows</b>	<b>500,000</b>	<b>300,000</b>	<b>-</b>

The net cash flows of all land transactions resulted in a net inflow of \$549,245.

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**26. SPECIFIED AREA RATE & SERVICE CHARGE**

<b>Specified Area Rate</b>	<b>2014/15 Actual \$</b>	<b>2014/15 Budget \$</b>	<b>2013/14 Actual \$</b>
<b>OPERATING INCOME</b>			
Specified Area Rate - Ardross East Underground Power	3,948,449	3,972,000	1,600,000
<b>Total Operating Income</b>	<b>3,948,449</b>	<b>3,972,000</b>	<b>1,600,000</b>
<b>OPERATING EXPENDITURE</b>			
Western Power - Attadale North Underground Power Cash Calls	-	-	(1,600,000)
Western Power - Ardross East Underground Power Cash Calls	(3,262,498)	(3,972,000)	-
<b>Total Operating Expenditure</b>	<b>(3,262,498)</b>	<b>(3,972,000)</b>	<b>(1,600,000)</b>
Amount (set aside) / used	(685,951)	-	-
<b>Net Specified Area Rate - Surplus / (Deficit) to Carry Forward</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Refuse Charges</b>	<b>2014/15</b>		
<b>Refuse Information</b>	<b>No.</b>	<b>Amount per Service</b>	<b>Yield \$</b>
Residential - Standard	39,347	430.00	16,919,210
Residential - Additional	129	304.50	39,281
Residential Recycling - Additional	3	110.25	331
Commercial - Standard	1,353	560.00	757,680
Commercial - Recycling Weekly	220	448.00	98,560
Commercial - Additional	458	448.00	205,184
Commercial - 1100L Bin (ex.GST)	1,426	32.80	46,773
Commercial - 660L Bin (ex.GST)	676	25.80	17,441
Commercial Recycling -1100L(ex.GST)	44	25.75	1,133
Commercial Recycling – 660L (ex.GST)	3	21.00	63
Non Rateable - Standard	186	560.00	104,160
Non Rateable - Additional	199	560.00	111,440
Non Rateable Recycling - Weekly	55	448.00	24,640
Non Rateable Recycling - 1100L(ex.GST)	22	21.00	462
Non Rateable Recycling - 660L(ex.GST)	56	22	1,218
	<b>44,177</b>		<b>18,327,576</b>

**27. TOTAL ASSETS CLASSIFIED BY PROGRAM**

	<b>2014/15 Actual \$</b>	<b>2013/14 Actual \$</b>
Governance	437,622,366	411,024,665
Health	14,050	-
Education & Welfare	441,487	138,688
Community Amenities	10,135,231	640,026
Recreation and Culture	96,717,921	49,401,657
Transport	-	4,544,800
Economic Services	542,193	213,691
Other Property and Services	643,246,246	228,996,161
	<b>1,188,719,493</b>	<b>694,959,688</b>

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**28. 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:

	<b>2014/15 Actual \$</b>	<b>2013/14 Actual \$</b>
Cash and Cash Equivalents	104,227,726	91,866,339
<b>Net Cash at End of Year</b>	<b>104,227,726</b>	<b>91,866,339</b>

**ii. Reconciliation of Net Cash Provided by Operating Activities to Net Result**

<b>Net Result</b>	<b>37,401,156</b>	<b>14,444,383</b>
<b>Add / (Less) Non-Cash / Non-Operating Items</b>		
Depreciation	15,431,700	13,706,830
(Profit) / Loss on Sale of Assets	(53,560)	192,917
Grants & Contributions for the Development of Assets	(3,693,989)	(2,097,627)
Investments Unrealised (Gains) / Losses	-	(1,738,786)
(Increase) / Decrease in Equity - SMRC Joint Venture	(809,303)	(963,122)
Impairment Loss on Revaluation of Property, Plant & Equipment	-	204,908
Revaluation of Investment Properties	(14,167,779)	-
<b>Changes in Assets &amp; Liabilities During the Financial Year:</b>		
(Increase)/Decrease in Accrued Income	500,656	(551,095)
(Increase)/Decrease in Accrued Expenses	(230,648)	225,515
(Increase)/Decrease in Accrued Income Payable	(304,889)	122,539
(Increase)/Decrease in Current Receivables	(1,290,890)	1,208,348
(Increase)/Decrease in Non-Current Receivables	1,312,572	1,073,691
(Increase)/Decrease in Work in Progress	-	148,091
Increase/(Decrease) in Current Creditors	(4,184,222)	(1,713,049)
Increase/(Decrease) in Non-Current Creditors	(1,031,604)	(845,642)
(Increase)/Decrease in Inventory	2,628	17,964
Increase/(Decrease) in Provision for Employee Entitlements	614,986	502,227
(Increase)/Decrease in Prepayments	64,926	(356,389)
<b>Net Cash Provided by Operating Activities</b>	<b>29,561,740</b>	<b>23,581,704</b>

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**29. FINANCIAL RATIOS**

**FINANCIAL RATIOS** (Higher Better)

	2014/15	2013/14	2012/13
Current Ratio	1.699	1.224	1.150
Asset Sustainability Ratio	1.452	1.195	0.816
Debt Service Cover Ratio	76.160	44.224	38.367
Operating Surplus Ratio	0.182	0.123	0.029
Own Source Revenue Coverage Ratio	1.139	1.080	0.997

The above ratios are calculated as follows:

<b>Current Ratio</b>	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
<b>Asset Sustainability Ratio</b>	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$
<b>Debt Service Cover Ratio</b>	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
<b>Operating Surplus Ratio</b>	$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$
<b>Own Source Revenue Coverage Ratio</b>	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

**ADDITIONAL RATIO INFORMATION** (Higher Better)

The following information relates to these ratios which only require attestation they have been checked and are supported by verifiable information.

	2014/15	2013/14	2012/13
Asset Consumption Ratio	0.683	0.619	0.613
Asset Renewal Funding Ratio	0.998	0.998	1.000

The above ratios are calculated as follows:

<b>Asset Consumption Ratio</b>	$\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$
<b>Asset Renewal Funding Ratio</b>	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**30. FINANCIAL RISK MANAGEMENT**

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

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

Financial risk management is carried out by the Finance Service Area under policies approved by the Council.

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>				
Cash and cash equivalents	104,227,726	91,866,339	104,227,726	91,866,339
Receivables	12,029,028	12,616,290	12,029,028	12,616,290
Available-for-sale financial assets	-	1	-	1
	<b>116,256,754</b>	<b>104,482,631</b>	<b>116,256,754</b>	<b>104,482,631</b>
<b>Financial Liabilities</b>				
Payables	4,959,669	10,626,887	4,959,669	10,626,887
Borrowings	3,070,194	3,338,513	2,536,588	2,960,839
	<b>8,029,863</b>	<b>13,965,400</b>	<b>7,496,257</b>	<b>13,587,726</b>

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.

**(a) Cash and Cash Equivalents**

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

**Available-for-sale financial assets**

The City'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 Service Area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). The City has an investment policy and the policy is subject to review and approval by the Council. An Investment Report is provided to the Council on a monthly basis setting out the make-up and performance of the portfolio.

Cash and investments are subject to interest rate risk – the risk that movements in interest rates could affect returns. The weighted average interest rate for 2014/15 was 3.492% (3.888% for 2013/14).

The City manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(a) Cash and Cash Equivalents (continued)**

	<b>30-Jun-15</b>	<b>30-Jun-14</b>
	<b>\$</b>	<b>\$</b>
Impact of a 10% (*) movement in price of investments:		
- Equity	-	-
- Income Statement	-	-
Impact of a 1% (+) movement in interest rates on cash and investments:		
- Equity	1,042,277	918,663
- Income Statement	1,042,277	918,663

**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.

**(b) Receivables**

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

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

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

The City 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.

	<b>30-Jun-15</b>	<b>30-Jun-14</b>
Percentage of Rates Outstanding to Rates Revenue excluding Pensioner Deferred Rates	5%	5%
Percentage of Rates Outstanding to Rates Revenue including Pensioner Deferred Rates	7%	7%
Percentage of Other Receivables		
- Current	81%	95%
- Overdue	19%	5%

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**30. 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. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities arranged if required.

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

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2015</u></b>					
Payables	4,959,669	-	-	4,959,669	4,959,669
Borrowings	457,775	2,207,109	1,535,514	4,200,398	3,070,194
	<b><u>5,417,444</u></b>	<b><u>2,207,109</u></b>	<b><u>1,535,514</u></b>	<b><u>9,160,067</u></b>	<b><u>8,029,863</u></b>
<b><u>2014</u></b>					
Payables	10,626,887	-	-	10,626,887	10,626,887
Borrowings	466,007	2,200,661	1,999,737	4,666,405	3,338,513
	<b><u>11,092,894</u></b>	<b><u>2,200,661</u></b>	<b><u>1,999,737</u></b>	<b><u>15,293,292</u></b>	<b><u>13,965,400</u></b>

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**30. 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. The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The 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 %
<b><u>Year Ended 30 June 2015</u></b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debentures	276,333	284,273	286,312	312,629	308,981	1,601,666	3,070,194	5.63%
Weighted Average Effective Interest Rate	5.91%	5.89%	5.51%	5.83%	6.20%	5.51%		
<b><u>Year Ended 30 June 2014</u></b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debentures	268,319	276,333	284,273	286,312	312,629	1,910,647	3,338,513	5.68%
Weighted Average Effective Interest Rate	5.92%	5.91%	5.89%	5.51%	5.83%	5.57%		



**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**Note 31: Fair Value Measurements**

The City of Melville measures the following assets at fair value on a recurring basis after initial recognition:

- Financial Assets at fair value through profit or loss
- Plant and Equipment (including Artworks, Computer Equipment, Electronic Equipment, Furniture & Fittings, Mobile Plant and Plant & Equipment);
- Infrastructure (including Drains, Footpaths, Irrigation, Parks, Roads and Street Furniture); and
- Land and Buildings (including Investment Properties).

**Valuation processes**

The City of Melville engages external, independent and qualified valuers to determine the fair value of the entities land, buildings, infrastructure and major plant on a regular basis.

An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. If any variation is considered material a revaluation is undertaken either by comprehensive revaluation or by applying an interim revaluation using appropriate indices.

Changes in level 2 and 3 fair values are analysed at the end of each reporting period and discussed between the Director of Finance, CEO, valuation team, Council and Audit Committee. As part of this process the team presents a report that explains the reasons for the fair value movements.

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**Note 31: Fair Value Measurements**

**Plant and Equipment**

		<b>30 June 2013</b>			
	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>					
Financial Assets at fair value through profit or loss:					
- CDOs	5	-	82,238	-	-
<b>Total financial assets recognised at fair value on a recurring basis</b>		-	<b>82,238</b>	-	-
<b>Non-Financial Assets</b>					
Artworks	10	-	-	997,691	997,691
Computer Equipment	10	-	1,350,718	-	1,350,718
Electronic Equipment	10	-	107,371	-	107,371
Furniture & Fittings	10	-	-	1,478,763	1,478,763
Mobile Plant	10	-	6,706,370	-	6,706,370
Plant & Equipment	10	-	8,818,161	-	8,818,161
<b>Total non-financial assets recognised at fair value on a recurring basis</b>		-	<b>16,982,620</b>	<b>2,476,454</b>	<b>19,459,074</b>

**(a) Transfers Policy**

The policy of the City of Melville is to recognise transfers into and transfers out of the fair value hierarchy levels as at the end of the reporting period. There were no transfers between Levels 1, 2 or 3 for recurring fair value measurements during the year.

**(b) Highest and Best Use**

All assets have been valued at their highest and best use, that being their current use.

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**Note 31: Fair Value Measurements (continued)**

**Infrastructure**

The following table provides the fair values of the City of Melville's assets measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

**Recurring Fair Value Measurements**

		<b>30 June 2014</b>			
	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>					
Financial Assets at fair value through profit or loss:					
- CDOs	5	-	1	-	1
<b>Total financial assets recognised at fair value on a recurring basis</b>		<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>
<b>Non-Financial Assets</b>					
Drains	10	-	-	49,929,414	49,929,414
Footpaths	10	-	-	63,559,642	63,559,642
Irrigation	10	-	-	6,606,161	6,606,161
Parks	10	-	-	1,629,973	1,629,973
Roads	10	-	-	144,857,056	144,857,056
Street Furniture	10	-	-	1,846,557	1,846,557
<b>Total non-financial assets recognised at fair value on a recurring basis</b>		<b>-</b>	<b>-</b>	<b>268,428,803</b>	<b>268,428,803</b>

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**Note 31: Fair Value Measurements (continued)**

**Land & Buildings**

The following table provides the fair values of the City of Melville's assets measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

**Recurring Fair Value Measurements**

The following table summarises, by asset class, valuation inputs and techniques used to determine the Fair value for each asset class.

**30 June 2015**

Asset	Level of Valuation Input	Valuation Technique	Gross (RC or MV)	Accumulated Depreciation	Fair Value	Depreciation Expense
<b>Land</b>						
Market Value	2	Market	\$84,525,000		\$84,525,000	
Replacement Cost	3	Cost	\$471,467,000		\$471,467,000	
Investment Land	2	Market	\$11,515,000		\$11,515,000	
Crown Land Site Improvements	3	Cost	\$5,138,491		\$5,138,491	
<b>Total</b>			<b>\$572,645,491</b>		<b>\$572,645,491</b>	
<b>Buildings (Cost approach)</b>						
Specialised Buildings	3	Cost	\$186,967,994	\$20,777,450	\$166,190,544	\$2,240,559
<b>Total</b>			<b>\$186,967,994</b>	<b>\$20,777,450</b>	<b>\$166,190,544</b>	<b>\$2,240,559</b>
<b>Buildings (Market/Income approach)</b>						
Residential Buildings	2	Market	\$150,000	\$0	\$150,000	\$30,000
<b>Total</b>			<b>\$150,000</b>	<b>\$0</b>	<b>\$150,000</b>	<b>\$30,000</b>
<b>Other Structures</b>						
Other Structures	3	Cost	\$2,888,500	\$323,122	\$2,565,378	\$59,144
<b>Total</b>			<b>\$2,888,500</b>	<b>\$323,122</b>	<b>\$2,565,378</b>	<b>\$59,144</b>
<b>TOTAL</b>			<b>\$762,651,985</b>	<b>\$21,100,572</b>	<b>\$741,551,413</b>	<b>\$2,329,703</b>

**Highest and Best Use**

There were no assets valued where it was assumed that the highest and best use was other than its current use.

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**Note 31: Fair Value Measurements (continued)**

**(c) Valuation techniques and Inputs used to derive fair values**

The fair values of financial and non-financial assets that are not traded in an active market are determined using valuation techniques. These valuation techniques maximise the use of observable data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in level 2. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council infrastructure assets where there is no active market for the assets.

The following table summarises valuation inputs and techniques used to determine the Fair value for each asset class.

<b>Asset</b>	<b>Level of Valuation Input</b>	<b>Fair Value at 30 June 2014</b>	<b>Valuation Technique(s)</b>	<b>Inputs Used</b>
<b>Financial Assets</b>				
Financial Assets at Fair Value through profit or loss – CDOs	2	1	Market approach	Similar priced securities in active market
<b>TOTAL</b>		<u>1</u>		
<b>Non-Financial Assets</b>				
Drains	3	49,929,414	Cost Approach	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount
Footpaths	3	63,559,642	Cost Approach	
Irrigation	3	6,606,161	Cost Approach	
Parks	3	1,629,973	Cost Approach	
Roads	3	144,857,056	Cost Approach	
Street Furniture	3	1,846,557	Cost Approach	
<b>TOTAL</b>		<u>268,428,803</u>		

**CITY OF MELVILLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**Note 31: Fair Value Measurements (continued)**

**Recurring fair value measurements**

The following methods are used to determine the fair value measurements.

**Plant, Equipment, Furniture and Fittings**

These classes of assets were revalued in 2013 by independent valuers (Griffin Valuers) as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A. Whilst the additions since that time are shown at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down values approximate fair values. Thus, the values are considered in accordance with Local Government (Financial Management (Regulation) 17A (2) which requires these assets to be shown at fair value. They will be revalued during the year ended 30 June 2016 in accordance with the mandatory asset measurement framework detailed at Note 1(c).

Most plant and equipment assets are generally valued using the market and cost approach using comparable sales and relevant industry market price reference guides, and have been classified as being valued at Level 2 of the fair value hierarchy. The most significant inputs into this valuation approach are the make, size, year of manufacture and condition.

Level 3 valuation inputs were used to determine the fair value of a range of Artworks and Furniture & Equipment. The valuation methodology has been determined having regard to the existence of a market, the level of specialisation of the asset and the availability of sales evidence. An assessment of the economic life and remaining economic life of the various assets has been derived by Council from comparison of similar assets and this forms the basis of the depreciated value of the asset.

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**Note 31: Fair Value Measurements (continued)**

**Infrastructure Assets**

Infrastructure assets of drains, footpaths, irrigation, parks, roads and street furniture fair values were determined by in house and verified by independent valuers (Talis Asset Management, Asset Infrastructure Management and Opus International), effective date 30 June 2014.

These were valued using the application of unit rates. Unit rates are developed by summing each component which goes into producing a unit (be it metres, square metres, tonnes, etc.) of an asset. The major components of any asset are the raw materials, plant, labour and intangibles. These unit costs are then applied to known measurements of the assets to produce a replacement cost, which is then depreciated to estimate the Fair Value.

The raw cost of material, as well as plant and labour hire rates, are established either through communicating directly with suppliers and obtaining quoted prices, by using cost guides such as the Rawlinsons Construction Handbook, reviewing prices supplied by Council and indexing costs where appropriate from the ABS Producer Price Indexes.

**Roads**

A complete resurvey and revaluation of the Road network was undertaken for 30 June 2015 was undertaken using the ROMAN 2 (pavement management system) road inventory data. Where the condition was able to be determined from the valuer's inspection or where detailed condition reports have been prepared, the remaining life is dependent on the recorded condition, using a sliding scale. Where detailed condition is not available however the age of the asset is known, the remaining life is estimated using the current age of the assets, adjusted for obsolescence after visual inspection where possible.

Where neither the condition nor the age are known, assumptions are made as to the age and condition of the assets in collaboration with council staff, in order to obtain a depreciated replacement cost which reasonably reflects the value of the asset.

**Drainage**

A revaluation of the network as at 30 June 2015 was undertaken. Unit rates were reviewed at the same time as the data collection exercise was undertaken, which were taken from contract rates used and indexed from the date of the data collection exercise to June 2015 to determine a 2014/2015 valuation for the network. Asset Infrastructure Management (AIM) reviewed the valuation process and data.

**CITY OF MELVILLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**Note 31: Fair Value Measurements (continued)**

**Infrastructure Assets**

**Footpaths**

A revaluation of the network as at 30 June 2015 was undertaken. A new methodology was used in order to provide a more accurate representation of the condition of the paths. Instead of assigning a single value to the lowest condition of the entire path, the path was broken into lengths of similar condition. The resulting figures show an improvement in the path network as a small area of poor condition does not overrule a larger area of good condition.

The revaluation was based on the updated inventory and unit rates which were reviewed and updated by Opus. This included a review of the assets useful and remaining life.

**Irrigation**

Irrigation capital expenditure is covered by changes to the Archibus equipment and condition list and so acquisitions are included in the asset register on an ongoing basis and not separately included.

The Irrigation equipment was valued using the enhanced "Fair Value" valuation process and the replacement cost of the equipment indexed for changes. The Total useful Life (TUL) was set and the Remaining Useful Life (RUL) was adjusted according to purchase date of the asset and the current date.

**Parks**

The inventory was indexed using ABS indexes which lead to a small decrease in the valuation.

**Street Furniture**

Street furniture was included in the valuation performed in 2013 of park assets undertaken by Griffin Valuers.



**CITY OF MELVILLE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**Note 31: Fair Value Measurements (continued)**

**Land and Buildings**

These classes of assets (including land vested in and under Council control, investment land and investment buildings) were revalued in 2015 by an independent valuer (AVP Valuers) as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A.

**Land and Investment Properties**

Except in the circumstance of any assets being held for sale (valued in accordance with AASB 5 Assets Held for Sale) or in accordance with specific accounting standards (such as Investment Properties) the balance of the portfolio is valued in accordance with AASB 116 Property Plant and Equipment at Fair Value.

Depending upon the unique circumstances of each lot land has been valued using a range of approaches. Where there is an active market the 'market approach' has been adopted. If its value is primarily dependent on its income generating capability the income approach was used. For other types of land the 'cost approach' was adopted. Details of each approach are detailed below –

**Level 2 valuation inputs**

- **Market (Direct Comparison)** – This has been applied to land held in freehold title and has been assessed on the basis of the estimated amount which the interest in each property being valued might reasonably be expected to realise on the date of valuation in an exchange between market participants given highest and best use or highest and best alternative use. This was determined by comparison to recent sales of land with similar characteristics. This was then adjusted to reflect condition and comparability. As this was based on observable evidence they have been classified as Level 2.
- **Cost (Direct Comparison)** - The valuation of some restricted or otherwise non-saleable land has been valued using the cost approach. This approach was used where, assuming if City of Melville need to purchase the land or acquire additional land from an adjoining neighbour, the value of that land could be determined based on known zoning and town planning restrictions. This was determined by comparison to recent sales of land with similar characteristics. This was then adjusted to reflect condition and comparability. As this was based on observable evidence they have been classified as Level 2.

**Level 3 valuation inputs**

- **Cost (Hypothetical Analysis)** – These were determining the cost approach. However the determination of the replacement cost involved detailed analysis of a hypothetical highest alternative land use. Typically this included estimating the number of potential residential or commercial lots that could be developed on the site. These are observable based on existing Town Planning rules and have been classified as Level 2. The third input is the developer's interest which effectively is the rate of return the developer requires based on the existing market conditions. This requires the valuers to exercise professional judgement and accordingly has been classified as level 3.

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**Note 31: Fair Value Measurements (continued)**

**Buildings and Investment Properties**

The valuation of buildings, structural improvements and site services includes those items that form part of the building services installation (e.g. heating, cooling and climate control equipment, lifts, escalators, fire alarms, sprinklers and fire fighting equipment, and general lighting etc).

Excluded from this report are all items of plant, machinery, equipment, cranes, tools, furniture or chattels.

**Level 2 valuation inputs**

- **Market (Direct Comparison)** - These were used to determine the fair value of a range of properties. This included the residential properties where the relevant inputs were able to be observed from current market evidence. The residential properties fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size.

**Level 3 valuation inputs**

- **Cost (Depreciated)** – This includes specialised buildings. These buildings were valued using the cost approach using professionally qualified Registered Valuers. Under this approach the cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. The valuer disaggregated the building into different components and for each component determined a value based on the inter-relationship between a range of factors. These include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value and the pattern of consumption of the future economic benefit.

The components and associated range of Residual Value assumptions were -

Component	Description
<b>Sub Structure</b>	Includes the floor structure - including foundations, entrance steps, ramps and their finishes; upper floors and stairs
<b>Super Structure</b>	Incorporates the external and all weight bearing walls as well as external windows and doors
<b>Floor Coverings</b>	Includes coverings such as carpet, vinyl, tiles, etc.
<b>Fit-Out &amp; Fittings</b>	Includes all internal non-weight bearing walls, partitions, ceilings, and specialised areas such as kitchens and amenities.
<b>Roof</b>	Includes the roof structure (such as trusses) and cladding
<b>Electrical Services</b>	Includes all electrical light and power, power outlets and light fittings, including main distribution board
<b>Hydraulic Services</b>	Includes plumbing fit out (Water Supply and Waste removal)
<b>Mechanical Services</b>	Includes Air-conditioning and other ventilation or heating systems.
<b>Fire Services</b>	Includes sprinkler systems, alarms and miscellaneous fire or security related systems
<b>Transport Services</b>	Including lifts, hoists and conveyor systems such as escalators
<b>Security Services</b>	Including alarm systems

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**Note 31: Fair Value Measurements (continued)**

Inputs to the valuation include the design and construction, average cost of construction, condition and consumption score for each component. As these are supported by observable evidence obtained via inspection and market evidence they have been classified as Level 2 inputs. The unobservable inputs (such as estimates of residual value, pattern of consumption and (based on the asset consumption score) its relationship to the assessed level of remaining service potential of the depreciable amount) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

The consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then updated to take into account the experience and understanding of City of Melville's own engineers, asset management and finance staff. The results of the valuation were further evaluated by confirmation against City of Melville's own understanding of the assets and the level of remaining service potential.

Score	Description	% RSP of Depreciable Amount				
		Straight-Line	Low	Mod	High	Extreme
0	New or very good condition – very high level of remaining service potential.	100%	100%	100%	100%	100%
1	Not new but in very good condition with no indicators of any future obsolescence and providing a high level of remaining service potential.	85%	92%	94%	98%	100%
2	Aged and in good condition, providing an adequate level of remaining service potential. No signs of immediate or short term obsolescence.	50%	65%	75%	85%	99%
3	Providing an adequate level of remaining service potential but there are some concerns over the asset's ability to continue to provide an adequate level of service in the short to medium term. May be signs of obsolescence in short to mid-term.	25%	40%	54%	70%	90%
4	Indicators showing the need to renew, upgrade or scrap in near future. Should be reflected by inclusion in the Capital Works Plan to renew or replace in short-term. Very low level of remaining service potential.	10%	20%	34%	45%	70%
5	At intervention point. No longer providing an acceptable level of service. If remedial action is not taken immediately the asset will need to be closed or decommissioned.	0%	0%	0%	0%	0%

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**Note 31: Fair Value Measurements (continued)**

The following table provides a summary of the unobservable inputs and an assessment of the sensitivity of these to the fair value measurement.

Table 3: Fair Value Sensitivity to Unobservable Inputs

Asset	Unobservable Inputs	Sensitivity to Unobservable Market Inputs (%)		Amount of Potential Impact	
		Lower	Upper	Lower	Upper
<b>Land</b>					
Market Value	Price per Square Metre	(2.50)%	2.50%	-\$2,113,125	\$2,113,125
Crown Land Site Improvements	Price per Square Metre	(2.50)%	2.50%	-\$128,462	\$128,462
<b>Buildings (Cost approach)</b>					
Specialised Buildings	Relationship between asset consumption rating scale and the level of consumed service potential.	(2.50)%	2.50%	-\$4,674,200	\$4,674,200
<b>Other Structures</b>					
Other Structures	Relationship between asset consumption rating scale and the level of consumed service potential.	(2.50)%	2.50%	-\$64,134	\$64,134

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**Note 31: Fair Value Measurements (continued)**

**(d) Fair Value Sensitivity to Unobservable Inputs**

The following table provides a summary of the unobservable inputs and an assessment of the sensitivity of these to the fair value measurement.

<b>Description and fair value as at 30 June 2015</b>	<b>Unobservable inputs</b>	<b>Range of inputs (probability – weighted average )</b>	<b>Relationship of unobservable inputs to fair value</b>
Artworks \$1,201,923	Relationship between asset consumption rating scale and the level of consumed service potential	(+/-) 5%	A change of 5% would result in a change in fair value by \$60,096
Furniture & Fittings \$1,552,908	Relationship between asset consumption rating scale and the level of consumed service potential	(+/-) 5%	A change of 5% would result in a change in fair value by \$77,645
Drains \$61,198,308	Relationship between asset consumption rating scale and the level of consumed service potential	(+/-) 5%	A change of 5% would result in a change in fair value by \$3,059,915
Footpaths \$62,975,547	Relationship between asset consumption rating scale and the level of consumed service potential	(+/-) 5%	A change of 5% would result in a change in fair value by \$3,148,777
Irrigation \$7,007,650	Relationship between asset consumption rating scale and the level of consumed service potential	(+/-) 5%	A change of 5% would result in a change in fair value by \$350,383
Parks \$2,202,020	Relationship between asset consumption rating scale and the level of consumed service potential	(+/-) 5%	A change of 5% would result in a change in fair value by \$110,101
Roads \$167,677,638	Relationship between asset consumption rating scale and the level of consumed service potential	(+/-) 5%	A change of 5% would result in a change in fair value by \$8,383,882
Street Furniture \$1,759,238	Relationship between asset consumption rating scale and the level of consumed service potential	(+/-) 5%	A change of 5% would result in a change in fair value by \$87,962

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**Note 31: Fair Value Measurements (continued)**

**(d) Fair Value Sensitivity to Unobservable Inputs (continued)**

<b>Description and fair value as at 30 June 2014</b>	<b>Unobservable inputs</b>	<b>Range of inputs (probability – weighted average )</b>	<b>Relationship of unobservable inputs to fair value</b>
Land \$519,243,225	Relationship between asset consumption rating scale and the level of consumed service potential	(+/-) 5%	A change of 5% would result in a change in fair value by \$25,962,161
Buildings \$165,254,522	Relationship between asset consumption rating scale and the level of consumed service potential	(+/-) 5%	A change of 5% would result in a change in fair value by \$8,262,726
Land Vested \$5,138,491	Relationship between asset consumption rating scale and the level of consumed service potential	(+/-) 5%	A change of 5% would result in a change in fair value by \$256,925
Land - Investment \$48,263,775	Relationship between asset consumption rating scale and the level of consumed service potential	(+/-) 5%	A change of 5% would result in a change in fair value by \$2,413,189
Buildings - Investment \$3,737	Relationship between asset consumption rating scale and the level of consumed service potential	(+/-) 5%	A change of 5% would result in a change in fair value by \$187

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**Note 31: Fair Value Measurements (continued)**

**(e) Valuation processes**

As at 30 June 2015, a comprehensive revaluation was undertaken for:

- Plant & Equipment and Infrastructure assets by Griffin Valuers as at 30 June 2013;
- Asset Infrastructure Management, Opus International Consultants and Talis Consultants as at 30 June 2014; &
- Land & Buildings by APV Valuers as at 30 June 2015.

The main Level 3 inputs used are derived and evaluated as follows:

- **Relationship between asset consumption rating scale and the level of consumed service potential** – Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. In order to achieve this, the valuer determines an asset consumption rating scale for each asset type based on the inter-relationship between a range of factors. These factors and their relationship to the fair value require profession judgment and include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value, useful life and pattern of consumption of the future economic benefit. The consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then updated to take into account the experience and understanding of Council's own engineers, asset management and finance staff. The results of the valuation were further evaluated by confirmation against Council's own understanding of the assets and the level of remaining service potential.

**CITY OF MELVILLE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**Note 31: Fair Value Measurements (continued)**

**(f) Disclosed Fair Value Measurements**

The following assets and liabilities are not measured at fair value in the statement of financial position, but their fair values are disclosed in the notes:

- Borrowings

The following table provides the level of fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique(s) and inputs used:

<b>Description</b>	<b>Note</b>	<b>Fair Value Hierarchy Level</b>	<b>Valuation Technique(s)</b>	<b>Inputs Used</b>
<b>Liabilities</b>				
Borrowings	11	2	Income approach using discounted cash flow methodology	Current treasury borrowing rates for similar instruments

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the notes to the financial statements.



**For all general enquiries:**

Tel: 1300 635 845 | 9364 0666

Fax: (08) 9364 0285

**Street Address**

10 Almondbury Road, Booragoon WA 6154

**Postal Address**

Locked Bag 1, Booragoon WA 6954

**Civic Centre Opening Hours**

Monday to Friday, 8.30am to 5.00pm

**[www.melvillecity.com.au](http://www.melvillecity.com.au)**

Make an online request, enquiry or payment at:  
[www.melvillecity.com.au/onlineservices](http://www.melvillecity.com.au/onlineservices)

For rates information visit [www.melvillecity.com.au/rates](http://www.melvillecity.com.au/rates)

