



City of
Melville



City of Melville

Annual Financial Report

2017-2018 Part B

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Independent Auditor's Report to the Rate Payers of City of Melville

Auditor's Opinion

We have audited the financial report of the City of Melville, which comprises the statement of financial position as at 30 June 2018, and the statement of comprehensive income by nature and type, statement of comprehensive income by program, statement of changes in equity and statement of cash flows and rate setting statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the Chief Executive Officer.

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

- a is based on proper accurate accounts and records; and
- b fairly represents, in all material respects, the results of the operations of the City of Melville for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the Local Government Act 1995 (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Auditor's Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the City of Melville in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the City's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. Our opinion is not modified in respect of this matter

Responsibility of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the City of Melville is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the City of Melville's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the City of Melville.

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

Matters Relating to the Electronic Publication of the Audited Financial Report

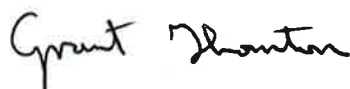
This auditor's report relates to the annual financial report of the City of Melville for the year ended 30 June 2018 included on the City of Melville's website. The City of Melville's management is responsible for the integrity of the City of Melville's website. This audit does not provide assurance on the integrity of the City of Melville's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P W Warr
Partner - Audit & Assurance

Perth, 1 November 2018

CITY OF MELVILLE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018
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 30th June 2018 are in my opinion properly drawn up to present fairly the financial position of the City of Melville at 30th June 2018 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 1st day of November 2018



Christine Young
ACTING CHIEF EXECUTIVE OFFICER



Patrick Warr
Grant Thornton Audit Pty Ltd
Central Park, Level 43
152-158 St Georges Terrace
Perth WA 6000

Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

Dear Patrick,

Audit for the year ended 30 June 2018

This representation letter is provided in connection with your audit of the financial report of City of Melville ("Entity") for the financial year ended 30 June 2018, for the purpose of you expressing an opinion as to whether the financial report is, presented fairly in accordance with the Australian Accounting Standards including the Australian Accounting Interpretations, the Local Government Act 1995 and other relevant legislation.

We acknowledge our responsibility for ensuring that the financial report is in accordance with Accounting Standards (including Australian Accounting Interpretations), and the Local Government Act 1996 Par 6 (as amended) and the Regulations under this Act 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 and Risk 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 share options, warrants, conversion or other requirements;
 - b arrangements involving restrictions on cash balances, compensating balances and line of credit or similar arrangements; and
 - c 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 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 2018 or that have become effective since that date.
- 11 We are not aware of any pending litigation involving the Entity 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 entity involving:
 - i management



- ii employees who have significant roles in internal control
 - 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 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 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 (including Investment Property) 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 statement of comprehensive income.

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 City of Melville.
- 25 The City of Melville 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.

- 26 We confirm that investment properties reported at \$69.8m are reported at Fair Value pursuant to *AASB140 Investment Properties*.

Inventory

- 27 Inventories in the balance sheet comprise the whole of the Entity inventories and work in progress wherever situated and stocks held on consignment from or on behalf of other parties have been excluded.
- 28 We have made provision for all expected future losses on contracts entered into at the reporting date, based on estimated costs to complete, including appropriate overhead expenditure.
- 29 Full provision has been made in respect of all defective, obsolete or slow moving inventory.
- 30 Included in non-current assets is "Investment Property" for \$69,841,123 and "Other Financial Assets" \$8,421,433. I confirm that this asset is held at the lower of cost or net realisable value, pursuant to *AASB 102*.

Receivables

- 31 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.
- 32 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

- 33 All assets and insurable risks of the Entity are adequately covered by insurance.

Financial assets

- 34 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.

- 35 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.
- 36 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.
- 37 Disclosures relating to processes for managing risk in relation to financial instruments reflect actual processes in place during the reporting period.
- 38 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

- 39 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.
- 40 We have disclosed the existence of any loans approved but not drawn down at the reporting date.
- 41 No asset of the City of Melville has been pledged as security for any liability, except as disclosed in the financial report.
- 42 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.
- 43 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

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



Taxation

- 46 Adequate amounts have been accrued for all local and foreign taxes on income including amounts applicable to prior years not finally settled and paid.
- 47 Deferred tax assets in relation to tax losses have only been brought to account when it is probable that they will be realised.
- 48 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.

Related parties

- 49 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.

Revenue

- 50 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

- 51 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 of Melville'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

52 We have made an assessment of the City of Melville'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

53 There were no legal matters pending or undertaken during, or at the end of, the reporting period, and no 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

54 We acknowledge that there were no unrecorded misstatements that were brought to our attention in relation to the review of the financial report.

Yours sincerely

City of Melville

Name: Kylie Johnson

Title: Acting Director Corporate Services

Name: Christine Young

Title: Acting Chief Executive Officer

Dated this 1st day of November 2018

STATEMENT OF COMPREHENSIVE INCOME
BY NATURE & TYPE
FOR THE YEAR ENDED 30 JUNE 2018

	<i>Note</i>	<i>2017-2018 Actual \$</i>	<i>2017-2018 Budget \$</i>	<i>2016-2017 Actual \$</i>
Revenue				
Rates	17	86,497,257	85,374,568	83,496,781
Operating Grants, Subsidies and Contributions	22	3,808,697	3,632,547	5,483,556
Fees & Charges	20	16,018,349	16,236,527	15,670,112
Service Charges	21	4,951,231	5,079,890	7,538,310
Interest Earnings	2(a)(ii)	4,831,068	3,836,376	4,680,194
Other Revenue		2,750,707	1,165,488	2,682,061
		118,857,309	115,325,395	119,551,014
Expenses				
Employee Costs		(45,394,497)	(47,032,387)	(44,795,325)
Materials & Contracts		(30,618,273)	(28,982,452)	(29,309,083)
Utilities		(3,963,783)	(4,219,545)	(3,997,916)
Insurance		(952,754)	(1,454,369)	(1,081,615)
Depreciation	2(a)(i)	(14,886,200)	(16,004,530)	(15,029,571)
Finance Costs	2(a)(i)	(162,778)	(164,420)	(172,249)
Other Expenditure		(1,197,378)	(2,037,442)	(7,406,132)
		(97,175,663)	(99,895,144)	(101,791,891)
Non-Operating Grants, Subsidies and Contributions				
Non-Operating Grants, Subsidies and Contributions	22	4,249,432	2,236,267	3,806,299
		4,249,432	2,236,267	3,806,299
Profit/(Loss) on Disposal of Assets				
Profit/(Loss) on Asset Disposals	12(f)	(1,399,324)	(324,000)	(147,139)
		(1,399,324)	(324,000)	(147,139)
Other Revenue / (Expenses)				
Revaluation of Investment Properties	12(g)	10,427,691	-	-
Investment Gains / (Losses)		-	-	228,908
Profit / (Loss) - Share of SMRC net result	27	1,859,738	-	(100,228)
		12,287,429	-	128,680
Net Result		36,819,182	17,342,518	21,546,964
Other Comprehensive Income				
Changes on Revaluation of non-Current Assets	12(g) & (i)	(320,505,544)	-	11,830,840
Revaluation of Local Government House Unit Trust Holding		(75,977)	-	-
Share of Revaluation of Non Current Assets - SMRC Joint Venture	27	-	-	470,205
Total Other Comprehensive Income		(320,581,521)	-	12,301,045
TOTAL COMPREHENSIVE INCOME		(283,762,339)	17,342,518	33,848,008

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

**STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2018**

	<i>Note</i>	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
Revenue				
Governance		38,336	300	45,275
General Purpose Funding		97,776,129	95,580,923	98,703,351
Law, Order, Public Safety		2,678,818	2,640,836	2,641,437
Health		299,703	353,196	307,179
Education & Welfare		266,031	211,327	277,078
Housing		104,536	110,834	105,568
Community Amenities		3,657,648	3,480,202	3,387,472
Recreation and Culture		8,325,879	8,440,426	8,448,703
Transport		1,416,974	1,381,713	1,341,135
Economic Services		3,320,811	2,613,767	3,366,324
Other Property and Services		972,444	511,871	927,492
		118,857,309	115,325,395	119,551,014
Expenses	1,2			
Governance		(4,741,013)	(5,297,585)	(3,384,132)
General Purpose Funding		(759,050)	(3,232,581)	(7,006,666)
Law, Order, Public Safety		(4,038,357)	(4,118,059)	(3,948,715)
Health		(1,082,559)	(1,168,492)	(1,052,374)
Education & Welfare		(2,667,984)	(2,729,585)	(2,568,506)
Housing		(76,497)	(66,282)	(67,786)
Community Amenities		(23,773,628)	(24,667,337)	(24,033,762)
Recreation and Culture		(31,451,321)	(29,789,549)	(30,059,291)
Transport		(17,403,915)	(17,725,955)	(17,420,978)
Economic Services		(2,604,504)	(2,390,021)	(2,587,365)
Other Property and Services		(8,414,057)	(8,545,279)	(9,490,065)
		(97,012,885)	(99,730,724)	(101,619,642)
Finance Costs				
Recreation and Culture	2(a)(i)	(162,778)	(164,420)	(172,249)
		(162,778)	(164,420)	(172,249)
Non-Operating Grants, Subsidies and Contributions	22			
Community Amenities		24,769	525,000	90,662
Recreation and Culture		882,819	-	324,745
Transport		3,341,844	1,711,267	3,390,892
		4,249,432	2,236,267	3,806,299

**STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2018**

	<i>Note</i>	<i>2017-2018 Actual \$</i>	<i>2017-2018 Budget \$</i>	<i>2016-2017 Actual \$</i>
Profit/(Loss) on Disposal of Assets	12(f)			
Community Amenities		(1,563)	-	-
Recreation and Culture		(27,868)	-	(48,117)
Economic Services		(1,758,694)	-	-
Other Property and Services		388,800	(324,000)	(99,021)
		(1,399,324)	(324,000)	(147,139)
Other Revenue / (Expenses)				
Revaluation of Investment Properties	12(g)	10,427,691	-	-
Investment Gains / (Losses)		-	-	228,908
Profit / (Loss) - Share of SMRC net result	27	1,859,738	-	(100,228)
		12,287,429	-	128,680
Net Result		36,819,183	17,342,518	21,546,964
Other Comprehensive Income				
Changes on Revaluation of non-Current Assets	12(g) & (i)	(320,505,544)	-	11,830,840
Revaluation of Local Government House Unit Trust Holding		(75,977)	-	-
Share of Revaluation of Non Current Assets - SMRC Joint Venture	27	-	-	470,205
Total Other Comprehensive Income		(320,581,521)	-	12,301,045
TOTAL COMPREHENSIVE INCOME		(283,762,339)	17,342,518	33,848,008

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

**RATE SETTING STATEMENT BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2018**

	<i>Note</i>	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
Net current assets at start of financial year - surplus/(deficit)	5	3,029,416	250,000	2,942,921
OPERATING ACTIVITIES				
Revenue from operating activities (excluding rates and non-operating grant, subsidies and contributions)				
Governance		38,336	300	45,275
General Purpose Funding		21,706,563	10,206,355	15,206,570
Law, Order, Public Safety		2,678,818	2,640,836	2,641,437
Health		299,703	353,196	307,179
Education & Welfare		266,031	211,327	277,078
Housing		104,536	110,834	105,568
Community Amenities		5,517,386	3,480,202	3,387,472
Recreation and Culture		8,106,481	8,440,426	8,248,594
Transport		1,416,974	1,381,713	1,341,135
Economic Services		3,320,811	2,613,767	3,366,324
Other Property and Services		889,292	511,871	1,437,585
		44,344,931	29,950,827	36,364,217
Expenditure from operating activities	1,2			
Governance		(4,741,013)	(5,297,585)	(3,384,132)
General Purpose Funding		(759,050)	(3,232,581)	(7,006,666)
Law, Order, Public Safety		(4,038,357)	(4,118,059)	(3,948,715)
Health		(1,082,559)	(1,168,492)	(1,052,374)
Education & Welfare		(2,667,984)	(2,729,585)	(2,568,506)
Housing		(76,497)	(66,282)	(67,786)
Community Amenities		(23,773,628)	(24,667,337)	(24,033,762)
Recreation and Culture		(31,323,484)	(29,953,969)	(29,946,518)
Transport		(17,403,898)	(17,725,955)	(17,420,978)
Economic Services		(2,604,504)	(2,390,021)	(2,587,365)
Other Property and Services		(10,905,436)	(11,480,960)	(10,800,692)
		(99,376,411)	(102,830,826)	(102,817,495)
Operating activities excluded				
(Profit)/Loss on asset disposals	12(f)	1,399,324	324,000	147,139
Depreciation on Assets	2(a)(i)	14,886,200	16,004,530	15,029,571
Revaluation of Investment Properties	12(g)	(10,427,691)	-	-
Plant Investment Provision		1,091,968	360,861	1,163,488
Net Movement of Deferred Pensioner Rates/ESL (non-current)		(19,041)	-	(144,628)
Net Current Movement in Other Debtors/Creditors		20,530	-	(3,326)
Movement in Employee Benefit Provisions (non-current)		(55,546)	-	309,965
Amount attributable to operating activities		(45,106,320)	(55,940,608)	(47,008,148)

**RATE SETTING STATEMENT BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2018**

	<i>Note</i>	<i>2017-2018 Actual \$</i>	<i>2017-2018 Budget \$</i>	<i>2016-2017 Actual \$</i>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	22	4,249,432	2,236,267	3,806,299
Proceeds from disposal of assets	12(f)	3,315,220	2,158,950	342,158
Purchase of Furniture and Equipment	12(g)	(2,308,696)	(2,173,668)	(482,373)
Purchase of Plant and Equipment	12(g)	(1,156,540)	(2,235,727)	(2,842,898)
Purchase of Land and Buildings	12(g)	(2,001,457)	(12,992,772)	(6,965,872)
Purchase of Infrastructure Assets	12(g)	(10,606,547)	(17,552,829)	(14,161,544)
Movement in Work In Progress	12(g)	(5,186,908)	-	66,780
Amount attributable to investing activities		(13,695,496)	(30,559,779)	(20,237,450)
FINANCING ACTIVITIES				
Repayment of debentures	14	(290,614)	(288,205)	(285,022)
Recoup for self-supporting loans		302,549	286,945	288,904
(Increase)/Decrease in Equity - SMRC Joint Venture	27	(1,859,738)	-	(369,977)
Funds to be set aside	15	(38,439,480)	(32,275,857)	(36,768,269)
Funds to be set aside Investment Earnings	15	(3,345,868)	(2,648,595)	(3,500,089)
Funds to be used	15	20,440,913	36,051,531	27,412,687
Amount attributable to financing activities		(23,192,238)	1,125,819	(13,221,766)
Surplus/(deficiency) before rates		(81,994,054)	(85,374,568)	(80,467,365)
Amount to be raised from rates		86,497,257	85,374,568	83,496,781
Net current assets at end of financial year - surplus/(deficit)	5	4,503,203	-	3,029,416

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

**RATE SETTING STATEMENT BY SUB-PROGRAM
FOR THE YEAR ENDED 30 JUNE 2018**

	<i>Note</i>	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
Net current assets at start of financial year - surplus/(deficit)	5	3,029,416	250,000	2,942,921
OPERATING ACTIVITIES				
Revenue from operating activities (excluding rates and non-operating grant, subsidies and contributions)	1,2			
Governance				
Other Governance		38,336	300	45,275
General Purpose Funding				
Rates		21,706,563	10,206,355	15,206,570
Law, Order, Public Safety				
Animal Control		235,089	276,984	289,405
Other Public Order, Fire & Safety		2,443,729	2,363,852	2,352,033
Health				
Maternal & Infant Health		410	-	-
Preventive Services - Immunisation		11	-	27
Other Health		10,098	61,500	19,091
Preventive Services - Admin/Inspection		289,184	291,696	283,330
Preventive Services - Pest Control		-	-	4,731
Education & Welfare				
Aged & Disabled		40,636	28,177	64,656
Aged & Disabled - Other		2,010	-	-
Aged & Disabled -MOW		-	-	-
Aged & Disabled - Senior Citizens Centres		38,521	9,940	25,979
Care of Families & Children		21,467	22,245	21,832
Other Education		27,298	25,501	28,672
Other Welfare		134,151	123,697	134,276
Pre-school		1,948	1,767	1,665
Housing				
Other Housing		104,536	110,834	105,568
Community Amenities				
Sanitation - Other		3,522,576	1,484,715	1,492,907
Sanitation - Household Refuse		454,244	564,977	286,101
Urban Stormwater Drainage		1,497	-	159
Town Planning & Regional Development		1,341,156	1,239,860	1,372,830
Other Community Amenities		144,774	149,207	157,281
Protection of Environment		53,139	41,444	78,193
Recreation and Culture				
Heritage		152,696	180,793	135,468
Libraries		59,847	68,045	78,440
Other Culture		66,300	34,217	98,487
Public Halls, Civic Centres		293,751	271,233	317,129
Swimming Areas and Beaches		5,041,622	5,468,981	4,623,368
Other Recreation & Sport		2,492,265	2,417,157	2,995,703

**RATE SETTING STATEMENT BY SUB-PROGRAM
FOR THE YEAR ENDED 30 JUNE 2018**

	<i>Note</i>	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
Transport				
Parking Facilities		1,003,000	987,500	968,670
Streets, Roads, Bridges, Depot		339,092	309,213	291,626
Water Transport Facilities		74,882	85,000	80,838
Economic Services				
Building Control		1,214,643	879,232	1,106,950
Tourism & Area Promotion		512,563	-	554,141
Other Economic Services		84,591	58,280	37,517
Economic Development		1,480,727	1,596,255	1,530,560
Public Utility Services incl. Underground Power		28,288	80,000	137,155
Other Property and Services				
Plant Operations		117,689	98,067	110,795
Private Works		-	3,030	(112)
Public Works Overheads		162,201	39,950	64,435
General Administration Overheads		349,720	353,290	418,932
Business Unit Operations		259,682	17,534	843,533
		44,344,932	29,950,828	36,364,217
Expenditure from operating activities	1,2			
Governance				
Members of Council		(1,456,869)	(1,594,546)	(1,211,798)
Other Governance		(3,231,854)	(3,703,039)	(2,121,419)
Balance Sheet		(52,290)	-	(50,915)
General Purpose Funding				
Rates		(759,050)	(3,232,581)	(7,006,666)
Law, Order, Public Safety				
Animal Control		(178,778)	(158,182)	(269,393)
Other Public Order, Fire & Safety		(3,859,579)	(3,959,877)	(3,679,322)
Health				
Maternal & Infant Health		(10,420)	(12,688)	(8,048)
Preventive Services - Immunisation		-	-	(7,643)
Other Health		(45,439)	(81,356)	(51,474)
Preventive Services - Admin/Inspection		(952,893)	(1,002,522)	(964,356)
Preventive Services - Pest Control		(73,807)	(71,926)	(20,854)
Education & Welfare				
Aged & Disabled		(227,383)	(263,608)	(236,634)
Aged & Disabled - Other		(127,243)	(122,749)	(123,053)
Aged & Disabled - MOW		-	-	-
Aged & Disabled - Senior Citizens Centres		(67,264)	(50,259)	(78,873)
Care of Families & Children		(1,542,973)	(1,552,626)	(1,480,091)
Other Education		(455,033)	(468,198)	(389,231)
Other Welfare		(242,739)	(264,260)	(254,598)
Pre-school		(5,349)	(7,884)	(6,025)

**RATE SETTING STATEMENT BY SUB-PROGRAM
FOR THE YEAR ENDED 30 JUNE 2018**

	<i>Note</i>	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
Housing				
Other Housing		(76,497)	(66,282)	(67,786)
Community Amenities				
Sanitation - Other		(3,828,976)	(3,415,662)	(2,877,837)
Sanitation - Household Refuse		(13,267,558)	(14,316,737)	(14,310,678)
Urban Stormwater Drainage		(745,749)	(548,268)	(681,220)
Town Planning & Regional Development		(3,465,683)	(3,803,651)	(3,179,452)
Other Community Amenities		(47,831)	(91,496)	(434,490)
Protection of Environment		(2,417,831)	(2,491,522)	(2,550,084)
Recreation and Culture				
Heritage		(556,987)	(627,280)	(490,182)
Libraries		(4,539,726)	(5,014,316)	(4,625,929)
Other Culture		(2,078,220)	(1,640,486)	(1,474,361)
Public Halls, Civic Centres		(635,323)	(617,274)	(620,362)
Swimming Areas and Beaches		(5,602,586)	(5,789,118)	(5,656,148)
Other Recreation & Sport		(17,910,643)	(16,265,496)	(17,079,536)
Transport				
Parking Facilities		(416,429)	(423,025)	(461,556)
Streets, Roads, Bridges, Depot		(16,784,342)	(17,269,405)	(16,830,528)
Water Transport Facilities		(28,351)	(33,525)	(128,894)
Economic Services				
Building Control		(1,926,267)	(2,028,234)	(1,814,558)
Tourism & Area Promotion		(506,139)	(202,763)	(625,980)
Other Economic Services		-	(10,000)	(9,091)
Economic Development		(168,100)	(143,024)	(133,146)
Public Utility Services incl. Underground Power		(3,998)	(6,000)	(4,591)
Other Property and Services				
Plant Operations		(163,607)	(96,991)	(181,739)
Private Works		-	(3,000)	-
Public Works Overheads		(711,912)	(1,316,531)	(905,522)
General Administration Overheads		(2,550,902)	(2,244,260)	(1,917,535)
Business Unit Operations		(7,653,791)	(7,820,178)	(7,795,895)
		(99,376,411)	(102,830,825)	(102,817,495)

**RATE SETTING STATEMENT BY SUB-PROGRAM
FOR THE YEAR ENDED 30 JUNE 2018**

	<i>Note</i>	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
Operating activities excluded				
(Profit)/Loss on asset disposals	12(f)	1,399,324	324,000	147,139
Depreciation on Assets	2(a)(i)	14,886,200	16,004,530	15,029,571
Revaluation of Investment Properties	12(g)	(10,427,691)	-	-
Plant Investment Provision		1,091,968	360,861	1,163,488
Net Movement of Deferred Pensioner Rates/ESL		(19,041)	-	(144,628)
Net Current Movement in Other		20,529	-	(3,326)
Movement in Employee Benefit Provisions (non-current)		(55,546)	-	309,965
Amount attributable to operating activities		(45,106,320)	(55,940,606)	(47,008,149)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	22	4,249,432	2,236,267	3,806,299
Proceeds from disposal of assets	12(f)	3,315,220	2,158,950	342,158
Purchase of Furniture and Equipment	12(g)	(2,308,696)	(2,173,668)	(482,373)
Purchase of Plant and Equipment	12(g)	(1,156,540)	(2,235,727)	(2,842,898)
Purchase of Land and Buildings	12(g)	(2,001,457)	(12,992,772)	(6,965,872)
Purchase of Infrastructure Assets	12(g)	(10,606,547)	(17,552,829)	(14,161,544)
Movement in Work In Progress	12(g)	(5,186,908)	-	66,780
Amount attributable to investing activities		(13,695,496)	(30,559,779)	(20,237,450)
FINANCING ACTIVITIES				
Repayment of debentures	14	(290,614)	(288,205)	(285,022)
Recoup for self-supporting loans		302,549	286,945	288,904
(Increase)/Decrease in Equity - SMRC Joint Venture	27	(1,859,738)	-	(369,977)
Funds to be set aside	15	(38,439,480)	(32,275,857)	(36,768,269)
Funds to be set aside Investment Earnings	15	(3,345,868)	(2,648,595)	(3,500,089)
Funds to be used	15	20,440,913	36,051,531	27,412,687
Amount attributable to financing activities		(23,192,238)	1,125,819	(13,221,766)
Surplus/(deficiency) before rates		(81,994,054)	(85,374,568)	(80,467,365)
Amount to be raised from rates		86,497,257	85,374,568	83,496,781
Net current assets at end of financial year - surplus/(deficit)	5	4,503,203	-	3,029,416

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2017-2018 Actual \$	2016-2017 Actual \$
Current Assets			
Cash & Cash Equivalents	3	154,604,464	133,971,994
Trade & Other Receivables	8	9,681,447	7,231,770
Inventories	9	106,964	105,406
Other Assets	9	857,717	745,357
Total Current Assets		165,250,591	142,054,527
Non Current Assets			
Trade & Other Receivables	8	3,587,811	3,885,793
Property, Plant & Equipment	12(a,b)	411,535,457	716,747,351
Infrastructure	12(c,d)	347,639,250	359,491,144
Investment Property	12(e)	69,841,123	61,195,789
Other Financial Assets	7	8,421,433	6,637,672
Total Non Current Assets		841,025,075	1,147,957,749
TOTAL ASSETS	6	1,006,275,666	1,290,012,276
Current Liabilities			
Trade & Other Payables	10	6,606,451	6,580,080
Borrowings	14	317,022	290,614
Provisions	11	7,430,499	7,105,435
Total Current Liabilities		14,353,972	13,976,129
Non Current Liabilities			
Trade & Other Payables	10	241,855	221,400
Borrowings	14	2,083,024	2,400,047
Provisions	11	817,066	872,612
Total Non Current Liabilities		3,141,946	3,494,059
TOTAL LIABILITIES		17,495,918	17,470,188
NET ASSETS		988,779,749	1,272,542,088
Equity			
Retained Surplus		321,793,435	306,318,688
Reserves - Cash / Investment Backed	15	146,393,416	125,048,981
Reserves - Asset Revaluation	15(a)	520,592,898	841,174,419
TOTAL EQUITY		988,779,749	1,272,542,088

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	<i>Note</i>	<i>2017-2018 Actual \$</i>	<i>2016-2017 Actual \$</i>
RESERVES CASH BACKED	15		
Balance at beginning of year		125,048,981	112,193,310
Transfer from accumulated surplus		(20,440,913)	(27,412,687)
Transfer to accumulated surplus		41,785,348	40,268,358
Balance at end of reporting period		146,393,416	125,048,981
RESERVES OTHER	15(a)		
Asset Revaluation Reserve			
Balance at beginning of year		841,174,419	828,873,374
Revaluation of assets during year		(320,581,521)	12,301,045
Balance at end of reporting period		520,592,898	841,174,419
TOTAL RESERVES		666,986,314	966,223,400
RETAINED SURPLUS			
Balance at beginning of year		306,318,688	297,627,395
Change in net results		36,819,182	21,546,963
Transfer from reserves		20,440,913	27,412,688
Transfer to reserves		(41,785,348)	(40,268,358)
Balance at end of reporting period		321,793,435	306,318,688
TOTAL EQUITY		988,779,749	1,272,542,088

**STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 30 JUNE 2018**

	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
Cash Flows from Operating Activities			
Receipts			
Rates	85,604,103	85,374,568	83,157,965
Fees and Charges	15,952,070	16,283,628	15,838,856
Service Charges	4,951,231	5,079,890	7,538,310
Interest Earnings	4,831,068	3,836,376	4,987,332
Operating Grants, Subsidies and Contributions	3,808,697	3,632,547	5,483,556
Goods and Services Tax	5,650,740	200,000	5,831,584
Other Revenue	777,271	1,165,488	4,838,573
	121,575,180	115,572,497	127,676,176
Payments			
Employee Costs	(45,117,413)	(46,929,438)	(44,390,553)
Materials and Contracts	(35,773,689)	(29,241,881)	(29,872,924)
Utilities	(3,963,783)	(4,219,545)	(3,997,916)
Insurance	(952,754)	(1,454,369)	(1,081,615)
Finance Costs	(156,567)	(164,420)	(188,879)
Goods and Services Tax	(5,575,087)	(200,000)	(5,760,730)
Other Expenditure	(906,764)	(2,037,442)	(7,124,437)
	(92,446,057)	(84,247,095)	(92,417,054)
Net Cash Provided by Operating Activities	29,129,123	31,325,402	35,259,122
Cash Flows from Investing Activities			
Proceeds from Gain in Investments	-	-	228,908
Proceeds from disposal of assets	3,315,220	2,158,950	342,158
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets	4,249,432	2,236,267	3,806,299
Payments for Purchase of Property, Plant and Equipment	(5,466,693)	(17,402,167)	(11,138,723)
Payments for Construction of Infrastructure	(10,606,547)	(17,552,829)	(13,313,962)
Net Cash Used in Investing Activities	(8,508,588)	(30,559,779)	(20,075,320)
Cash Flows from Financing Activities			
Repayment of Self Supporting Loans	(290,614)	(288,205)	(285,022)
Recoup for Self-Supporting Loans	302,549	286,945	288,904
Net Cash Provided by (Used In) Financing Activities	11,935	(1,260)	3,882
Net Increase / (Decrease) in Cash Held	20,632,470	764,363	15,187,684
Cash at Beginning of Year	133,971,994	121,847,150	118,784,310
Cash and Cash Equivalents at the End of Year	154,604,464	122,611,513	133,971,994

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(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. The Local Government (Financial Management) Regulations 1996 take precedence over Australian Accounting Standards. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the 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.

(b) Critical Accounting Estimates

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

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

(c) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 16 to these financial statements.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits held at call with banks and other short term highly liquid investments 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 reported as short term borrowings in current liabilities on the Statement of Financial Position.

(e) 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) 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 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.

(g) Trade 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.

(h) Inventories

General

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

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

(i) 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.

Capitalisation of Assets Threshold

Assets will be recognised and reported at fair value in accordance with Regulations 17A of The Regulations and AASB 5, 13, 116 and 136 of the Standards.

Generally expenditure of a capital nature is recognised as an asset if the threshold value exceeds the following levels:

Artworks	ALL
Infrastructure	ALL
Fleet mobile and fleet plant	ALL
Land (incl. investment land)	ALL
Investment Building	ALL
Buildings	\$ 5,000
Computer equipment	\$ 5,000
Software	\$ 20,000
All Other Assets	\$ 5,000

Expenditure items below these thresholds are generally expensed.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classes of Assets

Land and Buildings

Land

Land Vested

Buildings

- Structure□
- Roof
- Electrical□
- Fitout□
- Air Conditioning□

Plant & Equipment

Plant & Equipment

Electronic Equipment

Furniture & Fittings

Computer Equipment

Property Improvement

Mobile

Artworks

Infrastructure

Roads

Footpaths

Drainage

Infrastructure Other

Parks

Street furniture

Irrigation

Work In Progress

Investment Property

Investment land

Investment buildings

- Structure□
- Roof
- Electrical□
- Fitout□
- Air Conditioning□

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16 (a)(ii), 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 and measurement between mandatory revaluation dates

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

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, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

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 AASB 116 Property, Plant and Equipment paragraph 7 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Land Held for Sale

Land held for development and sale 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 as profit or loss 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.

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 recorded at cost determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. They will be subject to revaluation in accordance with the mandatory measurement framework. Revaluation of investment properties will be 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.

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation will be recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods used for each class of depreciable asset are:

Land and Buildings

Land	Not Depreciated
Land Vested	Not Depreciated
Buildings	
- Structure (include Sub Structure and Super Structure)	40 - 400 years
- Roof	40 - 240 years
- Electrical (include Electrical Services, Hydraulic Services, Fire Services, Transport Services and Security Services)	40 - 120 years
- Fit out (include Floor Coverings and Fit-Out & Fittings)	15 - 120 years
- Air Conditioning	15 - 70 years

Plant & Equipment

Computer equipment	3 - 4 years
Electronic equipment	3 - 4 years
Furniture & fittings	10 years
Mobile	1 - 10 years
Jetties and Boardwalk	50 - 100 years
Lighting	10 - 15 years
Other improvements	5 -10 years
Property improvements	10 years
Plant	2 - 8 years
Playground equipment	10 - 15 years

Infrastructure

Roads	
- Formation	Not Depreciated
- Kerbing	60 - 70 years
- Pavement	80 - 100 years
- Seal	
- Bituminous	20 years
- Asphalt	25 - 30 years
Footpaths	10 -60 years
Drainage	80 years

Infrastructure Other

Parks	5 years
Street furniture	5 - 30 years
Irrigation	5 - 30 years

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Property

Investment land	Not Depreciated
Investment buildings	
- Structure (include Sub Structure and Super Structure)	40 - 400 years
- Roof	40 - 240 years
- Electrical (include Electrical Services, Hydraulic Services, Fire Services, Transport Services and Security Services)	40 - 120 years
- Fit out (include Floor Coverings and Fit-Out & Fittings)	15 - 120 years
- Air conditioning	15 - 70 years

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

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

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

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

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

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie. 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of Assets

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

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

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

For non-cash generating specialised assets such as roads, drains, public buildings and the like, no annual assessment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

(l) 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 (i.e. trade date accounting is adopted).

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

Classification and Subsequent Measurement

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

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 which are shown in non-current assets.

(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.

(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 assets, 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(m) Trade and Other Payables

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

(n) 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 of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) 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.

(p) Provisions

Provisions are recognised when the City has present legal or constructive obligations, 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.

(q) 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 (1) the fair value of the leased property or (2) 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.

(r) Investment in Associates

An associate is an entity over which the City has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the City's share of net assets of the associate. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Interests in Joint Arrangements

Joint arrangements 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. Information about joint ventures is set out in Note 27.

(t) 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 revenue during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period

(u) Rounding Off Figures

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

(v) 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.

(w) 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.

(x) 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) 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 ⁽¹⁾	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.
(iii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	<p>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.</p> <p>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.</p>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iii) AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability into their Statement of Financial Position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the Statement of Financial Position will be required to be capitalised on the Statement of Financial Position once AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the City, the impact is not expected to be significant.</p>
Notes:			(1) Applicable to reporting periods commencing on or after the given date.
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8 [AASB 1 & AASB 11])	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the City's operations.</p>
Notes:			(1) Applicable to reporting periods commencing on or after the given date.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(z) 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.			
Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:			
(i) AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount Non-Cash-Generating Specialised Assets of Not-for-Profit Entities		1 January 2017	
(ii) AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities		1 January 2017	

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 2: REVENUES AND EXPENSES

	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
(a) The Net Result			
The Net result includes:			
(i) Charging as Expenses			
Auditors Remuneration			
Audit of the Annual Financial Report	28,925	35,000	28,808
Other Services	5,109	815	6,282
	34,034	35,815	35,090
Depreciation By Asset Class			
Infrastructure	9,526,198	9,133,021	9,196,586
Building	2,023,755	1,995,411	2,006,125
Mobile Plant	1,318,312	2,000,000	1,357,978
Plant & Equipment	1,490,466	2,383,928	1,997,324
Computer Equipment	351,482	288,995	284,807
Furniture & Fittings	175,987	203,174	186,751
	14,886,200	16,004,530	15,029,571
Finance costs			
Debentures (refer note 14)	162,778	164,420	172,249
	162,778	164,420	172,249
(ii) Crediting as Revenues			
Interest Earnings			
Reserve Funds	3,345,869	2,648,595	3,500,089
Other Funds	835,688	607,000	539,639
Other Interest Revenue	649,511	580,781	640,466
	4,831,068	3,836,376	4,680,194

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 2: REVENUES AND EXPENSES (Continued)

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 2: REVENUES AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

	<i>Opening Balance ⁽¹⁾ 1 July 2016 \$</i>	<i>Received ⁽²⁾ 2016-2017 \$</i>	<i>Expended ⁽³⁾ 2016-2017 \$</i>	<i>Closing Balance ⁽¹⁾ 30 June 2017 \$</i>	<i>Received ⁽²⁾ 2017-2018 \$</i>	<i>Expended ⁽³⁾ 2017-2018 \$</i>	<i>Closing Balance 30 June 2018 \$</i>
Grant/Contribution							
Recreation and Culture							
Grant for Synthetic Turf Project	-	250,000	-	250,000	-	(250,000)	-
Total	-	250,000	-	250,000	-	(250,000)	-

Notes:

(1) Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 3: CASH AND CASH EQUIVALENTS

	2017-2018 Actual \$	2016-2017 Actual \$
(a) Current Assets		
Cash on Hand	7,828	7,792
Cash on Hand (Includes 11am at call accounts)	(285,276)	6,297,985
Term Deposits, Bonds & Floating Rate Term Deposits	154,881,912	127,666,217
Total Cash and Cash Equivalents	154,604,464	133,971,994
Represented by		
Restricted Funds*	146,393,416	125,048,981
Unrestricted Funds	8,211,048	8,923,013
(* See Note 15)		
	154,604,464	133,971,994
(b) Restricted Funds		
The following restrictions have been imposed by regulations or other external imposed requirements:		
Reserve Funds	146,393,416	125,048,981
Total Restricted Funds	146,393,416	125,048,981

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 4: NOTES TO THE STATEMENT OF CASHFLOWS

(a) 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:

	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
Cash - Restricted Funds	146,393,416	106,117,549	125,048,981
Cash - Unrestricted Funds	8,211,048	16,493,964	8,923,013
Cash and Cash Equivalents at the End of Year	154,604,464	122,611,513	133,971,994

The following restrictions have been imposed by regulation or other external imposed requirements:

	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
Ardross East UGP & Streetscape Enhancement Reserve	14,332	13,575	13,977
Attadale North Underground Power & Streetscape Enhancement Reserve	93,029	91,345	90,724
Alfred Cove East Underground Power & Streetscape Enhancement Reserve	1,364,229	-	-
Melville North Underground Power & Streetscape Enhancement Reserve	1,193,518	-	-
Civic Centre Precinct Improvements Reserve	6,016	5,905	5,867
Commercial Refuse Reserve	3,261,455	2,312,766	2,701,084
Community Facilities Reserve	22,538,527	16,509,712	21,688,160
Community Surveillance and Security Reserve	649,513	471,303	593,407
Fleet Services Vehicles, Plant and Equipment Replacement Reserve	8,351,370	6,445,921	6,902,791
Future Works Reserve	1,498,768	-	82,189
Information Technology Reserve	2,501,692	1,928,353	2,993,126
Infrastructure Asset Management Reserve	29,403,262	24,199,682	24,465,231
Land and Property Reserve	35,275,560	25,526,950	31,154,989
Leave Entitlements Reserve	2,665,847	2,183,138	2,599,791
Library, Museums & Arts Equipment & Specialised Fitout Reserve	57,071	-	31,559
Organisational Environment Sustainability Initiatives Reserve	1,099,664	318,856	795,885
Parking Facilities Reserve	384,414	377,545	324,510
Private Swimming Pool Inspection Fee Reserve	35,509	36	12,114
Public Open Space and Urban Forest Reserve	4,313,162	4,666,855	3,648,237
Rates Equalisation Reserve	7,962,522	4,139,616	4,775,919
Recreation Centres Specialised Plant, Equipment and Structures Reserve	1,999,495	218,154	1,216,831
Refuse Bins Reserve	2,002,887	2,302,386	1,762,732
Refuse Facilities Reserve	10,182,159	6,557,504	8,938,318
Risk Management Reserve	6,152,679	5,806,094	5,672,065
Special Projects Reserve	1,881,963	2,041,853	1,358,381
Unexpended Capital Works Reserve	1,504,773	-	3,221,096
	146,393,416	106,117,549	125,048,981

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 4: NOTES TO THE STATEMENT OF CASHFLOWS

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

	2017-2018 Actual \$	2016-2017 Actual \$
Net Result	36,819,182	21,546,963
Add / (Less) Non-Cash / Non-Operating Items		
Depreciation	14,886,200	15,029,571
(Profit) / Loss on Sale of Assets	1,399,324	147,139
Revaluation of Investment Properties	(10,427,691)	-
Grants & Contributions for the Development of Assets	(4,249,432)	(3,806,299)
Investments Unrealised (Gains) / Losses	-	(228,908)
(Increase) / Decrease in Equity - SMRC Joint Venture	(1,859,738)	100,228
Changes in Assets & Liabilities During the Financial Year:		
(Increase)/Decrease in Accrued Income	(1,558,527)	3,083,960
Increase/(Decrease) in Accrued Expenses	7,566	174,711
Increase/(Decrease) in Accrued Income Payable	6,211	(16,630)
(Increase)/Decrease in Current Receivables	(903,082)	32,217
(Increase)/Decrease in Non-Current Receivables	297,982	(50,291)
(Increase)/Decrease in Work in Progress	(5,186,908)	66,780
Increase/(Decrease) in Current Creditors	38,929	(623,685)
Increase/(Decrease) in Non-Current Creditors	(296,494)	(97,663)
(Increase)/Decrease in Inventory	(1,558)	2,378
Increase/(Decrease) in Provision for Employee Entitlements	269,518	230,061
(Increase)/Decrease in Prepayments	(112,360)	(331,410)
Net Cash Provided by Operating Activities	29,129,123	35,259,122

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 5: NET CURRENT ASSETS

	2018	2017	2017
	<i>(30 June 2018 Carried Forward) \$</i>	<i>(1 July 2017 Carried Forward) \$</i>	<i>(30 June 2017 Carried Forward) \$</i>
Surplus/(Deficit) 1 July 2017 brought forward	4,503,203	3,029,416	3,029,416
CURRENT ASSETS			
Cash & Cash Equivalents			
Restricted	146,393,416	125,048,981	125,048,981
Unrestricted	8,211,048	8,923,012	8,923,012
Receivables			
Rates Outstanding	5,690,501	4,816,386	4,816,386
Sundry Debtors	439,509	373,230	373,230
GST Receivable	455,921	531,574	531,574
Accrued Income	2,778,494	1,219,967	1,219,967
Loans - Clubs and Community Groups	317,022	290,614	290,614
Inventories	106,964	105,406	105,406
Other Assets - Prepayments (Prepaid Expenses)	857,717	745,357	745,357
LESS: CURRENT LIABILITIES			
Trade & Other Payables			
Trade Creditors	(6,036,414)	(6,084,692)	(6,084,692)
Other Creditors			
Accrued Salaries and Wages	(509,165)	(501,599)	(501,599)
Amounts Received in Advance	(60,872)	6,211	6,211
Provisions			
Provision for Annual Leave	(3,455,856)	(3,330,472)	(3,330,472)
Provision for Long Service Leave	(3,974,642)	(3,774,963)	(3,774,963)
Borrowings			
Loans - Clubs and Community Groups	(317,022)	(290,614)	(290,614)
Unadjusted Net Current Assets	150,896,619	128,078,398	128,078,398
Adjustments			
Less Reserves Cash/Investment Backed	(146,393,416)	(125,048,981)	(125,048,981)
Adjusted net current Asset - Surplus / (Deficit)	4,503,203	3,029,417	3,029,417

Difference

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 6: TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2017-2018 Actual \$	2016-2017 Actual \$
Governance	497,622,707	469,022,855
Education & Welfare	182,830	402,882
Community Amenities	43,327,328	63,805,933
Recreation and Culture	88,428,012	101,533,096
Economic Services	7,441,130	8,527,217
Other Property and Services	369,273,659	646,720,295
	1,006,275,666	1,290,012,277

NOTE 7: NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS

	2017-2018 Actual \$	2016-2017 Actual \$
Units (10) held in Local Government House	154,668	230,645
Equity - SMRC Joint Venture (Refer to Note 27)	8,266,765	6,407,027
Total Other Financial Assets	8,421,433	6,637,672

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 8: TRADE AND OTHER RECEIVABLES

	2017-2018 Actual \$	2016-2017 Actual \$
Current		
Rates Outstanding	5,690,501	4,816,386
Sundry Debtors	439,509	373,230
GST Receivable	455,921	531,574
Accrued Income	2,778,494	1,219,967
Loans - Clubs and Community Groups	317,022	290,614
	9,681,447	7,231,770
Non-Current		
Rates Outstanding - Pensioners	1,504,787	1,485,746
Loans - Clubs and Community Groups	2,083,024	2,400,047
	3,587,811	3,885,793
Sundry Debtors		
Aging of past due but not impaired:		
60 - 90 days	11,231	88,925
90 - 120 days	3,663	21,611
120+ days	148,223	7,654
Total	163,117	118,190

In determining the recoverability of trade receivables, the City considers any changes in the credit quality of the trade receivable from the date credit was initially granted up until the reporting date. The concentration of credit risk is limited due to the customer base being large. Accordingly, management believes that there is no further credit provision required in excess of the current allowance for doubtful debts of \$83,301.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 9: INVENTORIES AND OTHER ASSETS

	2017-2018 Actual \$	2016-2017 Actual \$
Current		
Inventories		
Fuel and Materials at Cost	106,964	105,406
	106,964	105,406
Other Assets		
Prepayments	857,717	745,357
	857,717	745,357

NOTE 10: TRADE AND OTHER PAYABLES

	2017-2018 Actual \$	2016-2017 Actual \$
Current		
Sundry Creditors		
Non-Restricted Funds Creditor	1,056,983	1,377,263
Restricted Funds Creditor	4,979,431	4,707,429
Amount Received in Advance	60,872	(6,211)
Accrued Salaries & Wages	509,165	501,599
	6,606,451	6,580,080
Non-Current		
Creditors	241,855	221,400
	241,855	221,400

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 11: PROVISIONS

	2017-2018 Actual \$	2016-2017 Actual \$	
Current			
Provision for Annual Leave	3,455,856	3,330,472	
Provision for Long Service Leave	3,974,643	3,774,963	
	7,430,499	7,105,435	
Non-Current			
Provision for Long Service Leave	817,066	872,612	
	817,066	872,612	
Total Provisions	8,247,566	7,978,047	
	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total 2017-2018 \$
Opening balance at 1 July 2017			
Current Provisions	3,330,472	3,774,963	7,105,435
Non-Current provisions	-	872,612	872,612
	3,330,472	4,647,575	7,978,047
Additional provision	768,308	200,841	969,149
Amounts used	(645,340)	(53,996)	(699,336)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	2,416	(2,711)	(294)
			-
			-
Balance at 30 June 2018	3,455,856	4,791,709	8,247,566

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

**12. LAND AND BUILDINGS, PLANT AND EQUIPMENT, INFRASTRUCTURE,
INFRASTRUCTURE OTHER AND INVESTMENT PROPERTY**

	2017-2018 Actual \$	2016-2017 Actual \$
(a) Land and Buildings		
Land		
At Independent valuation 2015 - level 2	519,243,225	519,243,225
Add Additions after valuation - cost	-	-
Less Disposals after valuation - cost	-	-
Revaluation	(281,707,282)	-
At Independent Valuation 2018 - level 2	237,535,943	519,243,225
Buildings		
At Independent Valuation 2015 - level 3	187,424,664	187,424,663
Add Additions after valuation - cost	2,991,103	1,911,443
Less Disposals after valuation - cost	(2,334,750)	-
Revaluation	55,759,077	-
Less : Accumulated Depreciation	(107,001,368)	(24,287,583)
At Independent Valuation 2018 - level 3	136,838,726	165,048,523
Land Vested In & Under City's Control		
At Independent valuation 2015 - level 3	5,138,491	5,138,491
Revaluation	3,386,509	-
At Independent Valuation 2018 - level 3	8,525,000	5,138,491
Total Land and Buildings		
At Independent Valuation 2015 - level 2 & 3	711,806,380	711,806,379
Add Additions after valuation - cost	2,991,103	1,911,443
Less Disposals after valuation - cost	(2,334,750)	-
Add Additions after valuation - cost	(222,561,696)	-
Less : Accumulated Depreciation	(107,001,368)	(24,287,583)
At Independent Valuation 2018 - level 3	382,899,669	689,430,239
(b) Plant and Equipment		
Plant and Equipment		
At Independent Valuation 2016 & 2018 - level 3	22,726,429	22,726,429
Add Additions after valuation - cost	2,320,065	940,120
Less Disposals after valuation - cost	(55,940)	(36,850)
Revaluation	7,104,173	1,941,501
Less : Accumulated Depreciation	(18,571,186)	(13,606,478)
	13,523,541	11,964,722

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

**12. LAND AND BUILDINGS, PLANT AND EQUIPMENT, INFRASTRUCTURE,
INFRASTRUCTURE OTHER AND INVESTMENT PROPERTY**

	2017-2018 Actual \$	2016-2017 Actual \$
Electronic Equipment		
At Independent Valuation 2016 - level 3	469,296	469,296
Add Additions after valuation - cost	17,650	350
Less Disposals after valuation - cost	(818)	-
Revaluation	-	-
Less : Accumulated Depreciation	(431,065)	(389,287)
	55,063	80,359
Furniture and Fittings		
At Independent Valuation 2016 - level 3	3,796,565	3,796,565
Add Additions after valuation - cost	99,033	36,396
Less Disposals after valuation - cost	(183,064)	(24,267)
Revaluation	-	-
Less : Accumulated Depreciation	(2,748,843)	(2,682,588)
	963,693	1,126,107
Computer Equipment		
At Independent Valuation 2016 - level 3	3,827,175	3,827,175
Add Additions after valuation - cost	844,923	267,904
Less Disposals after valuation - cost	(46,555)	(15,544)
Revaluation	-	-
Less : Accumulated Depreciation	(3,876,123)	(3,596,841)
	749,420	482,694
Property Improvements		
At Independent Valuation 2016 - level 3	1,369,156	1,369,156
Add Additions after valuation - cost	-	-
Less Disposals after valuation - cost	(143,063)	-
Revaluation	-	-
Less : Accumulated Depreciation	(1,224,714)	(1,364,371)
	1,379	4,785
Mobile		
At Independent Valuation 2016 - level 3	9,173,123	9,173,123
Add Additions after valuation - cost	3,999,437	2,842,898
Less Disposals after valuation - cost	(1,152,684)	(530,292)
Revaluation	-	-
Less : Accumulated Depreciation	(2,561,211)	(1,433,773)
	9,458,665	10,051,955

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

**12. LAND AND BUILDINGS, PLANT AND EQUIPMENT, INFRASTRUCTURE,
INFRASTRUCTURE OTHER AND INVESTMENT PROPERTY**

	2017-2018 Actual \$	2016-2017 Actual \$
Artworks		
At Independent Valuation 20115 - level 3	3,575,146	3,575,146
Add Additions after valuation - cost	349,886	78,005
Less Disposals after valuation - cost	(96,661)	(44,893)
Revaluation	55,658	-
Less : Accumulated Depreciation		(1,767)
At Independent Valuation 2018 - level 3	3,884,029	3,606,491
Total Plant and Equipment		
At Independent Valuation 2015 & 2016- level 3	44,936,890	44,936,889
Add Additions after valuation - cost	7,630,995	4,165,673
Less Disposals after valuation - cost	(1,678,784)	(651,846)
Revaluation	7,159,831	1,941,501
Less : Accumulated Depreciation	(29,413,142)	(23,075,104)
	28,635,790	27,317,113
(c) Infrastructure		
Infrastructure - Roads		
At Independent Valuation 2016 - level 3	344,620,715	344,620,715
Add Additions after valuation - cost	16,967,368	8,755,620
Less Disposals after valuation - cost	-	-
Revaluation	(29,131,005)	(5,230,126)
Less : Accumulated Depreciation	(132,565,057)	(133,453,082)
At Independent Valuation 2018 - level 3	199,892,021	214,693,127
Infrastructure - Drains		
At Independent Valuation 2016 - level 3	111,233,942	111,233,942
Add Additions after valuation - cost	936,471	577,686
Less Disposals after valuation - cost	-	-
Revaluation	25,399,532	22,979,587
Less : Accumulated Depreciation	(69,063,368)	(66,972,499)
At Independent Valuation 2018 - level 3	68,506,577	67,818,716
Infrastructure - Footpath		
At Independent Valuation 2016 - level 3	86,385,565	86,385,565
Add Additions after valuation - cost	1,785,497	995,237
Less Disposals after valuation - cost	-	-
Revaluation	2,616,492	4,894,346
Less : Accumulated Depreciation	(30,950,674)	(29,009,923)
At Independent Valuation 2018 - level 3	59,836,880	63,265,225

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

**12. LAND AND BUILDINGS, PLANT AND EQUIPMENT, INFRASTRUCTURE,
INFRASTRUCTURE OTHER AND INVESTMENT PROPERTY**

	2017-2018 Actual \$	2016-2017 Actual \$
Total Infrastructure		
At Independent Valuation 2016 - level 3	542,240,222	542,240,222
Add Additions after valuation - cost	19,689,336	10,328,543
Less Disposals after valuation - cost	-	-
Revaluation	(1,114,981)	22,643,807
Less : Accumulated Depreciation	(232,579,099)	(229,435,504)
At Independent Valuation 2018 - level 3	328,235,478	345,777,068
(d) Infrastructure - Other		
Infrastructure - Parks		
At Independent Valuation 2014- level 3	9,343,391	9,343,391
Add Additions after valuation - cost	2,127,782	1,836,137
Less Disposals after valuation - cost	-	-
Revaluation	506,269	-
Less : Accumulated Depreciation	(4,312,168)	(6,975,893)
At Independent Valuation 2018 - level 3	7,665,274	4,203,635
Infrastructure - Street Furniture		
At Independent Valuation 2014 - level 3	8,852,144	8,852,144
Add Additions after valuation - cost	109,925	58,127
Less Disposals after valuation - cost	-	-
Revaluation	(6,634,709)	-
Less : Accumulated Depreciation	(1,194,350)	(7,310,337)
At Independent Valuation 2018 - level 3	1,133,011	1,599,934
Infrastructure - Irrigation Systems		
At Independent Valuation 2014 - level 3	16,051,470	16,051,470
Add Additions after valuation - cost	1,993,467	1,091,157
Less Disposals after valuation - cost	-	-
Revaluation	2,435,679	-
Less : Accumulated Depreciation	(15,301,071)	(9,471,159)
At Independent Valuation 2018 - level 3	5,179,545	7,671,467
Infrastructure - Work In Progress	5,425,947	239,039
Total Infrastructure - Other		
At Independent Valuation 2014 - level 3	39,672,952	34,486,044
Add Additions after valuation - cost	4,231,174	2,985,420
Less Disposals after valuation - cost	-	-
Revaluation	(3,692,760)	-
Less : Accumulated Depreciation	(20,807,589)	(23,757,389)
At Independent Valuation 2018 - level 3	19,403,777	13,714,076

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

**12. LAND AND BUILDINGS, PLANT AND EQUIPMENT, INFRASTRUCTURE,
INFRASTRUCTURE OTHER AND INVESTMENT PROPERTY**

	2017-2018 Actual \$	2016-2017 Actual \$
(e) Investment Property		
Investment Property : Land		
At Independent Valuation 2015 - level 2	53,331,829	53,331,829
Add Additions after valuation - cost	5,026,488	4,104,690
Less Disposals after valuation - cost	(2,664,000)	-
Revaluation	11,685,538	-
Less : Accumulated Depreciation	-	-
At Independent Valuation 2018 - level 2	67,379,855	57,436,519
Investment Property : Buildings		
At Independent Valuation 2015 - level 3	2,983,581	2,983,581
Add Additions after valuation - cost	956,919	956,919
Less Disposals after valuation - cost	-	-
Revaluation	366,900	-
Less : Accumulated Depreciation	(1,846,132)	(181,230)
At Independent Valuation 2018 - level 2	2,461,268	3,759,270
Total Investment Property		
At Independent Valuation 2015 - level 2 & 3	56,315,410	56,315,410
Add Additions after valuation - cost	5,983,406	5,061,609
Less Disposals after valuation - cost	(2,664,000)	-
Revaluation	12,052,438	-
Less : Accumulated Depreciation	(1,846,132)	(181,230)
At Independent Valuation 2018 - level 2 & 3	69,841,122	61,195,789

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

**12. LAND AND BUILDINGS, PLANT AND EQUIPMENT, INFRASTRUCTURE,
INFRASTRUCTURE OTHER AND INVESTMENT PROPERTY**

(f) Disposal of Assets

	<i>Net Book Value</i>		<i>Sales Proceeds</i>		<i>(Profit) / Loss</i>	
	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>
	\$	\$	\$	\$	\$	\$
Artwork	51,767	-	-	-	51,767	-
Buildings	1,501,939	-	-	-	1,501,939	-
Furniture & Fittings	49,002	-	16,459	-	32,543	-
Computer Equipment	1,407	-	1,370	-	37	-
Plant & Equipment	14,998	-	-	-	14,998	-
Mobile	431,432	658,950	358,617	658,950	72,815	-
Investment Land	2,664,000	1,824,000	2,938,774	1,500,000	(274,774)	324,000
Total	4,714,544	2,482,950	3,315,220	2,158,950	1,399,324	324,000

(g) Summary of Asset Movements

	<i>Balance as at 01/07/2017</i>	<i>Additions & Transfers</i>	<i>Disposal</i>	<i>Revaluation / Transfer</i>	<i>Depreciation</i>	<i>Balance as at 30/06/2018</i>
	\$	\$	\$	\$	\$	\$
Land and Buildings						
Land	519,243,225	-	-	(281,707,282)	-	237,535,943
Buildings	165,048,523	1,079,660	(1,501,939)	(25,807,324)	(1,980,194)	136,838,725
Land Vested	5,138,491	-	-	3,386,509	-	8,525,000
	689,430,239	1,079,660	(1,501,939)	(304,128,097)	(1,980,194)	382,899,668
Plant & Equipment						
Plant & Equipment	11,964,722	1,379,945	(14,998)	1,686,187	(1,492,315)	13,523,541
Electronic Equipment	80,359	17,300	-	-	(42,596)	55,063
Furniture & Fittings	1,126,106	62,637	(49,002)	-	(176,050)	963,692
Computer Equipment	482,694	577,019	(1,407)	-	(308,885)	749,420
Property Improvement	4,785	-	-	-	(3,406)	1,379
Mobile	10,051,956	1,156,453	(431,432)	-	(1,318,312)	9,458,665
Artworks	3,606,491	271,881	(51,767)	55,658	1,767	3,884,029
	27,317,113	3,465,236	(548,605)	1,741,845	(3,339,798)	28,635,790
Infrastructure						
Roads	214,693,127	8,211,748	-	(17,751,729)	(5,261,125)	199,892,021
Drains	67,818,716	358,785	-	1,362,554	(1,033,478)	68,506,577
Footpaths	63,265,225	790,260	-	(2,573,821)	(1,644,784)	59,836,880
	345,777,068	9,360,793	-	(18,962,996)	(7,939,387)	328,235,478
Infrastructure - Other						
Parks	4,203,635	291,645	-	3,845,200	(675,207)	7,665,274
Street Furniture	1,599,934	51,799	-	(344,951)	(173,771)	1,133,011
Irrigation System	7,671,467	902,310	-	(2,656,544)	(737,688)	5,179,545
Work in Progress	239,039	5,186,908	-	-	-	5,425,947
	13,714,076	6,432,662	-	843,705	(1,586,666)	19,403,777
Total	1,076,238,495	20,338,350	(2,050,544)	(320,505,544)	(14,846,045)	759,174,713
Investment Property :						
Land	57,436,519	921,798	(2,664,000)	11,685,538	-	67,379,855
Buildings	3,759,270	-	-	(1,257,847)	(40,155)	2,461,268
	61,195,789	921,798	(2,664,000)	10,427,691	(40,155)	69,841,122
Grand Total	1,137,434,284	21,260,148	(4,714,544)	(310,077,853)	(14,886,200)	829,015,830

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

**12. LAND AND BUILDINGS, PLANT AND EQUIPMENT, INFRASTRUCTURE,
INFRASTRUCTURE OTHER AND INVESTMENT PROPERTY**

(h) Revaluation of Assets

Mandatory requirement to revalue non-current assets

All assets are initially recognised at cost and subsequently revalued in accordance with the mandate of the Local Government (Financial Management) Regulations of non-current assets at Fair Value with effect from 1 July 2012. Land, Building, Jetty, Lighting and Parking meters were revalued by an independent valuer, AssetVal (Licence Numbers 44625 & 44482) at 30 June 2018 for fair valuation. Infrastructure assets were re-evaluated by management as of 30 June 2018 for fair valuation. These figures were also independently reviewed and confirmed by external valuers.

Revaluation surplus and disclosures

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. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

**12. LAND AND BUILDINGS, PLANT AND EQUIPMENT, INFRASTRUCTURE,
INFRASTRUCTURE OTHER AND INVESTMENT PROPERTY**

(i) Significant Movement on Revaluation of Land and Building

	2017-2018 Actual \$	2014-2015 Actual \$
Land and Buildings		
Land		
Before Revaluation	519,243,225	138,117,340
Revaluation Increment	-	373,924,627
Revaluation(Decrement)	(281,707,282)	-
After Revaluation	237,535,943	512,041,967
Buildings		
Before Revaluation	162,646,050	65,174,901
Revaluation Increment	-	55,353,431
Revaluation(Decrement)	(25,807,325)	-
After Revaluation	136,838,725	120,528,332
Land Vested In & Under City's Control		
Before Revaluation	5,138,491	484,000
Revaluation Increment	3,386,509	4,654,491
Revaluation(Decrement)	-	-
After Revaluation	8,525,000	5,138,491
Total Land and Buildings		
Before Revaluation	687,027,766	203,776,241
Revaluation Increment	3,386,509	433,932,549
Revaluation(Decrement)	(307,514,607)	-
After Revaluation	382,899,668	637,708,790

In the 2017-2018 year, the City was required to revalue the asset classes of Land and Buildings along with other infrastructure assets. The last time this exercise was undertaken was in the 2014-2015 financial year. In that year the revaluation adjustment was an increase of \$433,932,549 for Land and Buildings. However, The final impact on the asset revaluation for the 2017-2018 financial year was a decrement of \$320,505,544 of which \$304,128,098 derived from Land and Buildings.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

Note 13: Fair Value Measurements

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. Each asset class must be revalued in accordance with the regulatory framework established and the City measures the fair value of its asset classes in accordance with this mandatory timetable.

During the financial year ended 30 June 2018, the City measured the fair value of following assets:

- Land and Buildings
- Jetty, Lighting, Playground equipment and Parking meters
- Artworks
- Infrastructure (including Roads, Drains and Footpaths)
- Infrastructure Other (including Parks, Street Furniture and Irrigation)
- Investment Properties

Valuation processes

When performing a revaluation, the City of Melville engages a mix of both 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. 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.

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.

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.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 13(a): FAIR VALUE MEASUREMENTS

<i>Asset Class</i>	<i>Fair Value Hierarchy</i>	<i>Valuation Technique</i>	<i>Basis of Valuation</i>	<i>Date of last Valuation</i>	<i>Inputs used</i>
Land and Buildings					
Land - Freehold	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	June 2018	Price per hectare / market borrowing rate
Land Vested in & Under City's Control	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuer	June 2018	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuer	June 2018	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant and Equipment					
Plant and Equipment	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2016 / 2018	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Electronic Equipment	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2016	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 13(a): FAIR VALUE MEASUREMENTS

<i>Asset Class</i>	<i>Fair Value Hierarchy</i>	<i>Valuation Technique</i>	<i>Basis of Valuation</i>	<i>Date of last Valuation</i>	<i>Inputs used</i>
Furniture and Equipment	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2016	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Computer Equipment	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2016	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Property Improvement	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Mobile Plant	2	Cost approach using depreciated replacement cost	Independent registered valuer	June 2016	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Artworks	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2018	Market valuation by Art Valuer
Infrastructure Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drains	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 13(a): FAIR VALUE MEASUREMENTS

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 13(a): FAIR VALUE MEASUREMENTS

<i>Asset Class</i>	<i>Fair Value Hierarchy</i>	<i>Valuation Technique</i>	<i>Basis of Valuation</i>	<i>Date of last Valuation</i>	<i>Inputs used</i>
Investment Property					
Land - Freehold	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	June 2018	Price per hectare / market borrowing rate
Buildings	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuer	June 2018	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

Local Government (Financial Management) Regulation 16(b)- Accounting for land under local government' s control requires Council to now recognise easements as assets of the Council. Currently the City doesn't have any land classified as an easement in it's assets register but all easements need to be recognised as assets in accordance with new changes. They are initially recognised at cost and have an indefinite useful life. Please note that indefinite useful life has no impact to depreciation.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 14: BORROWINGS

	2017-2018 Actual \$	2016-2017 Actual \$
Current		
Borrowings - Current Portion	317,022	290,614
Non-Current Loans		
Borrowings - Non-Current Portion	2,083,024	2,400,047
	2,400,046	2,690,661

(a) Details of Loan Liability

Program / Sporting Body	Loan No	Principal 1 July 2017 \$	(Loans Discharged) New Loans \$	Interest		Principal Repayments		Principal 30 June 2018 \$
				Budget \$	Actual \$	Budget \$	Actual \$	
Recreation and Culture								
Kardinya Bowling Club	379	85,053	-	6,287	5,210	32,206	32,206	52,847
Melville Glades Golf Club	382	418,576	-	33,796	28,745	69,224	71,633	346,943
Leeming Sport Association	398	108,920	-	7,287	6,886	15,487	15,487	93,433
Tompkins Park Community and Recreational Association	399	307,218	-	11,399	20,159	8,449	8,449	298,769
Melville Hockey Club	400	71,583	-	4,606	4,228	22,483	22,483	49,100
Bull Creek Tennis Club	406	49,845	-	3,101	3,050	4,706	4,706	45,139
Kardinya Bowling Club	408	25,156	-	1,650	1,515	12,194	12,194	12,962
Melville Glades Golf Club	411	1,171,686	-	77,478	75,053	73,292	73,292	1,098,394
Mt Pleasant Bowling Club	413	178,847	-	7,896	7,359	29,825	29,825	149,022
Blue Gum Tennis Club	414	77,500	-	3,420	3,189	12,924	12,924	64,576
Brentwood Karoonda Sporting Association	415	196,277	-	7,500	7,384	7,415	7,415	188,861
		2,690,661	-	164,420	162,778	288,205	290,614	2,400,046

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 14: BORROWINGS

All loan repayments are funded directly by the individual respective clubs and associations, except Mt Pleasant Bowling Club and Tompkins Park Community and Recreational Association. As per council resolution CD17/8098, Mt Pleasant Bowling Club and Tompkins Park Community and Recreational Association, will suspend all further repayments of the self supporting loan. The Council resolved to amalgamate and relocate the Melville Bowling Club and Mt Pleasant Bowling Club to the Tompkins Park Sporting Hub. Both self supporting loan debts will be met by the City and treated as costs to the project. A total of \$56,863 has been costed to the project in 2017-2018.

(b) New Debenture

There are no new debentures.

(c) Unspent Borrowings

The City has no unspent borrowings on self-supporting loans as at 30th June 2018.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 15: RESERVES CASH-BACKED

	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
Ardross East UGP & Streetscape Enhancement Reserve <i>To be used for underground power projects and streetscape enhancements in the Ardross East Underground Power project area.</i>			
Opening Balance	13,977	13,575	13,575
Funds to be set aside	253,840	-	-
Funds to be set aside - Investment Earnings	355	-	402
Funds to be used	(253,840)	-	-
Closing Balance	14,332	13,575	13,977
Attadale North Underground Power & Streetscape Enhancement Reserve <i>To be used for underground power projects and streetscape enhancements in the Attadale North Underground Power project area.</i>			
Opening Balance	90,724	91,345	88,118
Funds to be set aside	-	-	-
Funds to be set aside - Investment Earnings	2,305	-	2,606
Funds to be used	-	-	-
Closing Balance	93,029	91,345	90,724
Alfred Cove East Underground Power & Streetscape Enhancement Reserve <i>To be used for underground power projects and streetscape enhancements in the Alfred Cove East Underground Power project area.</i>			
Opening Balance	-	-	-
Funds to be set aside	1,347,115	-	-
Funds to be set aside - Investment Earnings	17,114	-	-
Funds to be used	0	-	-
Closing Balance	1,364,229	-	-
Melville North Underground Power & Streetscape Enhancement Reserve <i>To be used for underground power projects and streetscape enhancements in the Melville North Underground Power project area.</i>			
Opening Balance	-	-	-
Funds to be set aside	1,178,546	-	-
Funds to be set aside - Investment Earnings	14,972	-	-
Funds to be used	-	-	-
Closing Balance	1,193,518	-	-

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 15: RESERVES CASH-BACKED

	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
Civic Centre Precinct Improvements Reserve <i>To be used for improvements to the buildings and associated landscaping and car parking located within the Civic Centre Precinct (Melville City Centre).</i>			
Opening Balance	5,867	5,905	5,698
Funds to be set aside	-	-	-
Funds to be set aside - Investment Earnings	149	-	169
Funds to be used	-	-	-
Closing Balance	6,016	5,905	5,867
Commercial Refuse Reserve <i>To be used for the acquisition and replacement of commercial refuse bins, vehicles, and plant and equipment used for commercial waste operations and the development of commercial waste collection opportunities.</i>			
Opening Balance	2,701,084	2,214,639	2,098,221
Funds to be set aside	485,573	225,927	525,261
Funds to be set aside - Investment Earnings	74,798	54,933	77,602
Funds to be used	-	(182,733)	-
Closing Balance	3,261,455	2,312,766	2,701,084
Community Facilities Reserve <i>To be used for the provision of new, renewed or upgraded community facilities/buildings.</i>			
Opening Balance	21,688,160	16,229,521	18,788,677
Funds to be set aside	2,694,680	2,694,680	2,623,000
Funds to be set aside - Investment Earnings	554,809	382,686	623,096
Funds to be used	(2,399,122)	(2,797,175)	(346,613)
Closing Balance	22,538,527	16,509,712	21,688,160
Community Surveillance and Security Reserve <i>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.</i>			
Opening Balance	593,407	524,557	598,769
Funds to be set aside	40,514	-	-
Funds to be set aside - Investment Earnings	15,592	13,428	17,048
Funds to be used	-	(66,682)	(22,410)
Closing Balance	649,513	471,303	593,407

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 15: RESERVES CASH-BACKED

	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
Fleet Services Vehicles, Plant and Equipment Replacement Reserve			
<i>To be used to fund the purchase of replacement vehicles, plant and equipment.</i>			
Opening Balance	6,902,791	5,783,672	7,127,396
Funds to be set aside	2,000,000	2,000,000	2,000,000
Funds to be set aside - Investment Earnings	191,358	134,336	198,316
Funds to be used	(742,779)	(1,472,087)	(2,422,921)
Closing Balance	8,351,370	6,445,921	6,902,791
Future Works Reserve			
<i>To be used to fund the "New" component of the costs of Infrastructure Capital Works and Buildings as opposed to renewal of existing assets as per Asset Management Plans.</i>			
Opening Balance	82,189	76,155	-
Funds to be set aside	1,695,884	1,695,884	2,225,000
Funds to be set aside - Investment Earnings	19,833	3,017	2,361
Funds to be used	(299,138)	(1,775,056)	(2,145,172)
Closing Balance	1,498,768	-	82,189
Information Technology Reserve			
<i>To be used to fund the acquisition and replacement of computer software and information technology hardware.</i>			
Opening Balance	2,993,126	2,449,508	2,888,482
Funds to be set aside	650,000	650,000	650,000
Funds to be set aside - Investment Earnings	68,931	62,665	85,992
Funds to be used	(1,210,364)	(1,233,820)	(631,348)
Closing Balance	2,501,693	1,928,353	2,993,126
Infrastructure Asset Management Reserve			
<i>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.</i>			
Opening Balance	24,465,231	21,196,825	16,212,941
Funds to be set aside	13,135,109	13,086,244	14,225,673
Funds to be set aside - Investment Earnings	675,762	520,632	702,881
Funds to be used	(8,872,840)	(10,604,019)	(6,676,264)
Closing Balance	29,403,262	24,199,682	24,465,231

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 15: RESERVES CASH-BACKED

	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
Land and Property Reserve			
<i>To be used to:</i>			
<i>a) fund the acquisition or construction of commercial revenue earning land and or buildings, or</i>			
<i>b) fund the acquisition of land and buildings in structure plan areas to help encourage the redevelopment of those structure plan areas by assembling developable land parcels and fund with Council approval, infrastructure and other developments in line with structure plan principles; or</i>			
<i>c) internally fund the purchase or construction of City of Melville community facilities or infrastructure assets, on the basis that those funds will be returned to the Land and Property Reserve over a predetermined period of time with interest, with the interest rate being set at what would have been charged by the Western Australian Treasury Corporation for the term of the borrowing using the Semi Annual Annuity interest rate.</i>			
Opening Balance	31,154,989	30,188,500	32,314,718
Funds to be set aside	4,979,061	3,650,000	3,235,124
Funds to be set aside - Investment Earnings	833,349	844,772	895,076
Funds to be used	(1,691,838)	(9,156,322)	(5,289,929)
Closing Balance	35,275,561	25,526,950	31,154,989
Leave Entitlements Reserve			
<i>To be used to fund the non-current liability amount of annual, sick and long service leave entitlements accrued in previous financial years beyond the amount provided for in the Provision for Leave current liability account.</i>			
Opening Balance	2,599,791	2,540,203	2,525,100
Funds to be set aside	-	121,676	-
Funds to be set aside - Investment Earnings	66,056	62,959	74,691
Funds to be used	-	(541,700)	-
Closing Balance	2,665,847	2,183,138	2,599,791
Library, Museums & Arts Equipment & Specialised Fitout Reserve			
<i>To be used to fund the acquisition and replacement of the fit outs, furniture and specialised equipment for art centres, museums and libraries.</i>			
Opening Balance	31,559	-	-
Funds to be set aside	100,000	100,000	100,000
Funds to be set aside - Investment Earnings	1,112	-	907
Funds to be used	(75,600)	(100,000)	(69,348)
Closing Balance	57,071	-	31,559

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 15: RESERVES CASH-BACKED

	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
Organisational Environment Sustainability Initiatives Reserve			
<i>To be used to fund environmental initiatives which are intended to reduce the energy usage and or carbon footprint of the corporation of the City of Melville or for debt servicing costs associated with any loan borrowings taken out for such purposes.</i>			
Opening Balance	795,885	318,856	-
Funds to be set aside	280,000	250,000	786,172
Funds to be set aside - Investment Earnings	23,779	1,597	22,866
Funds to be used	-	(251,597)	(13,153)
Closing Balance	1,099,664	318,856	795,885
Parking Facilities Reserve			
<i>To be used to fund the provision, refurbishment or improvement of parking facilities and equipment.</i>			
Opening Balance	324,510	318,629	274,252
Funds to be set aside	61,011	61,011	109,622
Funds to be set aside - Investment Earnings	8,893	7,905	9,323
Funds to be used	(10,000)	(10,000)	(68,687)
Closing Balance	384,414	377,545	324,510
Private Swimming Pool Inspection Fee Reserve			
<i>To temporarily retain any surpluses that may arise from the Swimming Pool Inspection fees to be used to offset any deficits that may occur in future years operations of the Private Swimming Pools Inspection Program.</i>			
Opening Balance	12,114	9,543	12,021
Funds to be set aside	22,798	-	-
Funds to be set aside - Investment Earnings	597	237	348
Funds to be used	-	(9,744)	(255)
Closing Balance	35,509	36	12,114
Public Open Space and Urban Forest Reserve			
<i>To be used to fund the purchase, development and re-development of public open spaces, including streetscapes, bushlands, parks and reserves and to fund initiatives to enhance and improve the urban forest or for debt servicing costs associated with any loan borrowings taken out for such purposes.</i>			
Opening Balance	3,648,237	3,618,360	2,747,057
Funds to be set aside	853,976	958,446	834,967
Funds to be set aside - Investment Earnings	99,873	90,049	104,813
Funds to be used	(288,924)	-	(38,600)
Closing Balance	4,313,162	4,666,855	3,648,237

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 15: RESERVES CASH-BACKED

	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
Rates Equalisation Reserve			
<i>To temporarily retain any surplus carried forward funds as shown in the audited Annual Financial Report Rate Setting Statement in excess of the estimated surplus funds brought forward amount identified in the following years Annual Budget Rate Setting Statement to subsequently be used to reduce the need to raise rates in future years or to meet any budget shortfalls identified during budget reviews.</i>			
Opening Balance	4,775,919	3,807,510	2,201,832
Funds to be set aside	3,026,803	300,000	3,669,920
Funds to be set aside - Investment Earnings	159,799	32,106	137,211
Funds to be used	-	-	(1,233,044)
Closing Balance	7,962,521	4,139,616	4,775,919
Recreation Centres Specialised Plant, Equipment and Structures Reserve			
<i>To be used to fund the acquisition, repair, upgrade and replacement of Recreation Centres specialised plant, equipment and structures.</i>			
Opening Balance	1,216,831	299,796	438,687
Funds to be set aside	890,000	890,000	890,000
Funds to be set aside - Investment Earnings	40,348	7,454	34,959
Funds to be used	(147,684)	(979,096)	(146,815)
Closing Balance	1,999,495	218,154	1,216,831
Refuse Bins Reserve			
<i>To be used for the purchase and replacement and distribution of domestic refuse and recycling bins or receptacles.</i>			
Opening Balance	1,762,732	1,553,687	1,685,668
Funds to be set aside	868,164	868,164	200,000
Funds to be set aside - Investment Earnings	47,238	38,535	50,643
Funds to be used	(675,247)	(158,000)	(173,579)
Closing Balance	2,002,887	2,302,386	1,762,732
Refuse Facilities Reserve			
<i>To be used for payments relating to the establishment and operation of waste management facilities and collection systems, funding associated costs, and the cost of landscaping, environmental and rehabilitation works of former refuse tip sites operated by the City of Melville and for any additional waste collection and disposal costs of waste associated with storm or disaster events.</i>			
Opening Balance	8,938,318	8,860,812	8,852,986
Funds to be set aside	1,039,356	-	-
Funds to be set aside - Investment Earnings	239,860	221,692	256,796
Funds to be used	(35,375)	(2,525,000)	(171,464)
Closing Balance	10,182,159	6,557,504	8,938,318

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 15: RESERVES CASH-BACKED

	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
Risk Management and Insurance Equalisation Reserve			
<i>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 and funding responses to emergencies or disasters impacting on the City of Melville not funded by the State Government.</i>			
Opening Balance	5,672,065	5,550,911	5,036,674
Funds to be set aside	332,277	123,825	472,434
Funds to be set aside - Investment Earnings	148,337	131,358	162,957
Funds to be used	-	-	-
Closing Balance	6,152,679	5,806,094	5,672,065
Special Projects Reserve			
<i>To be used to fund costs associated with City of Melville Council Elections, infrastructure asset condition surveys, asset valuations and gross rental value revaluations and strategic planning projects.</i>			
Opening Balance	1,358,381	1,592,119	622,787
Funds to be set aside	1,000,000	1,000,000	1,000,000
Funds to be set aside - Investment Earnings	40,649	38,234	39,026
Funds to be used	(517,067)	(588,500)	(303,432)
Closing Balance	1,881,963	2,041,853	1,358,381
Unexpended Capital Works Reserve			
<i>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.</i>			
Opening Balance	3,221,096	3,600,000	7,659,651
Funds to be set aside	1,504,773	-	3,221,096
Funds to be set aside - Investment Earnings	-	-	-
Funds to be used	(3,221,096)	(3,600,000)	(7,659,651)
Closing Balance	1,504,773	-	3,221,096
Summary			
Opening Balance	125,048,981	110,844,628	112,193,310
Funds to be set aside	38,439,480	28,675,857	36,768,269
Funds to be set aside - Investment Earnings	3,345,868	2,648,595	3,500,089
Funds to be used	(20,440,913)	(36,051,531)	(27,412,687)
Closing Balance	146,393,416	106,117,549	125,048,981

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 15: RESERVES CASH-BACKED

	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
RESERVES SUMMARY			
Total Funds to be Set Aside			
Ardross East UGP & Streetscape Enhancement Reserve	254,195	-	402
Attadale North Underground Power & Streetscape Enhancement Reserve	2,305	-	2,606
Alfred Cove East Underground Power & Streetscape Enhancement Reserve	1,364,229	-	-
Melville North Underground Power & Streetscape Enhancement Reserve	1,193,518	-	-
Civic Centre Precinct Improvements Reserve	149	-	169
Commercial Refuse Reserve	560,371	280,860	602,863
Community Facilities Reserve	3,249,489	3,077,366	3,246,096
Community Surveillance and Security Reserve	56,106	13,428	17,048
Fleet Services Vehicles, Plant and Equipment Replacement Reserve	2,191,358	2,134,336	2,198,316
Future Works Reserve	1,715,717	1,698,901	2,227,361
Information Technology Reserve	718,931	712,665	735,992
Infrastructure Asset Management Reserve	13,810,871	13,606,876	14,928,554
Land and Property Reserve	5,812,410	4,494,772	4,130,200
Leave Entitlements Reserve	66,056	184,635	74,691
Library, Museums & Arts Equipment & Specialised Fitout Reserve	101,112	100,000	100,907
Organisational Environment Sustainability Initiatives Reserve	303,779	251,597	809,038
Parking Facilities Reserve	69,904	68,916	118,945
Private Swimming Pool Inspection Fee Reserve	23,395	237	348
Public Open Space and Urban Forest Reserve	953,849	1,048,495	939,780
Rates Equalisation Reserve	3,186,602	332,106	3,807,131
Recreation Centres Specialised Plant, Equipment and Structures Reserve	930,348	897,454	924,959
Refuse Bins Reserve	915,402	906,699	250,643
Refuse Facilities Reserve	1,279,216	221,692	256,796
Risk Management and Insurance Equalisation Reserve	480,614	255,183	635,391
Special Projects Reserve	1,040,649	1,038,234	1,039,026
Unexpended Capital Works Reserve	1,504,773	-	3,221,096
	41,785,348	31,324,452	40,268,358

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 15: RESERVES CASH-BACKED

	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
Total Funds to be Used			
Ardross East UGP & Streetscape Enhancement Reserve	(253,840)	-	-
Attadale North Underground Power & Streetscape Enhancement Reserve	-	-	-
Alfred Cove East Underground Power & Streetscape Enhancement Reserve	-	-	-
Melville North Underground Power & Streetscape Enhancement Reserve	-	-	-
Civic Centre Precinct Improvements Reserve	-	-	-
Commercial Refuse Reserve	-	(182,733)	-
Community Facilities Reserve	(2,399,122)	(2,797,175)	(346,613)
Community Surveillance and Security Reserve	-	(66,682)	(22,410)
Fleet Services Vehicles, Plant and Equipment Replacement Reserve	(742,779)	(1,472,087)	(2,422,921)
Future Works Reserve	(299,138)	(1,775,056)	(2,145,172)
Information Technology Reserve	(1,210,364)	(1,233,820)	(631,348)
Infrastructure Asset Management Reserve	(8,872,840)	(10,604,019)	(6,676,264)
Land and Property Reserve	(1,691,838)	(9,156,322)	(5,289,929)
Leave Entitlements Reserve	-	(541,700)	-
Library, Museums & Arts Equipment & Specialised Fitout Reserve	(75,600)	(100,000)	(69,348)
Organisational Environment Sustainability Initiatives Reserve	-	(251,597)	(13,153)
Parking Facilities Reserve	(10,000)	(10,000)	(68,687)
Private Swimming Pool Inspection Fee Reserve	-	(9,744)	(255)
Public Open Space and Urban Forest Reserve	(288,924)	-	(38,600)
Rates Equalisation Reserve	-	-	(1,233,044)
Recreation Centres Specialised Plant, Equipment and Structures Reserve	(147,684)	(979,096)	(146,815)
Refuse Bins Reserve	(675,247)	(158,000)	(173,579)
Refuse Facilities Reserve	(35,375)	(2,525,000)	(171,464)
Risk Management and Insurance Equalisation Reserve	-	-	-
Special Projects Reserve	(517,067)	(588,500)	(303,432)
Unexpended Capital Works Reserve	(3,221,096)	(3,600,000)	(7,659,651)
	(20,440,913)	(36,051,531)	(27,412,687)

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 15(a): ASSET REVALUATION SURPLUS

Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		2017-2018 Actual \$	2016-2017 Actual \$
Land and Buildings			
Land - Opening Balance		512,041,967	512,041,967
Revaluation Increment / (Decrement)		(281,707,282)	
Closing Balance		230,334,685	512,041,967
Buildings - Opening Balance		120,528,332	120,528,332
Revaluation Increment / (Decrement)		(25,807,324)	
Closing Balance		94,721,008	120,528,332
Land Vested In & Under Council Control		5,138,491	5,138,491
Revaluation Increment / (Decrement)		3,386,509	
Closing Balance		8,525,000	5,138,491
Total Land and Buildings		333,580,693	637,708,790
Plant and Equipment			
Artworks - Opening Balance		2,221,091	2,221,091
Revaluation Increment / (Decrement)		55,658	-
Closing Balance		2,276,749	2,221,091
Computer Equipment - Opening Balance		392,927	392,927
Revaluation Increment / (Decrement)		-	-
Closing Balance		392,927	392,927
Electronic Equipment - Opening Balance		48,199	48,199
Revaluation Increment / (Decrement)		-	-
Closing Balance		48,199	48,199
Furniture & Fittings - Opening Balance		233,352	233,352
Revaluation Increment / (Decrement)		-	-
Closing Balance		233,352	233,352

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 15(a): ASSET REVALUATION SURPLUS

Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		2017-2018 Actual \$	2016-2017 Actual \$
Plant & Equipment - Opening Balance		16,282,162	14,111,403
Revaluation Increment / (Decrement)		1,686,187	2,170,759
	Closing Balance	17,968,349	16,282,162
Mobile Plant - Opening Balance		1,203,447	1,203,447
Revaluation Increment / (Decrement)		-	-
	Closing Balance	1,203,447	1,203,447
Total Plant and Equipment		22,123,023	20,381,178
Infrastructure			
Drains - Opening Balance		50,893,552	40,902,485
Revaluation Increment / (Decrement)		1,362,554	9,991,067
	Closing Balance	52,256,106	50,893,552
Footpaths - Opening Balance		52,734,273	47,883,319
Revaluation Increment / (Decrement)		(2,573,821)	4,850,954
	Closing Balance	50,160,452	52,734,273
Roads - Opening Balance		76,444,017	81,625,957
Revaluation Increment / (Decrement)		(17,751,729)	(5,181,940)
	Closing Balance	58,692,288	76,444,017
Total Infrastructure		161,108,846	180,071,842

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 15(a): ASSET REVALUATION SURPLUS

Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		2017-2018 Actual \$	2016-2017 Actual \$
Infrastructure - Other			
Parks - Opening Balance		(1,372,958)	(1,372,958)
Revaluation Increment / (Decrement)		3,845,200	-
	Closing Balance	2,472,242	(1,372,958)
Irrigation - Opening Balance		2,076,717	2,076,717
Revaluation Increment / (Decrement)		(2,656,544)	-
	Closing Balance	(579,827)	2,076,717
Street Furniture - Opening Balance		1,838,645	1,838,645
Revaluation Increment / (Decrement)		(344,951)	-
	Closing Balance	1,493,694	1,838,645
Total Infrastructure - Other		3,386,109	2,542,404
Share of Revaluation of SMRC Non Current Assets		470,205	470,205
Revaluation decrement of Local Government House Unit Trust Holding		(75,977)	
Reserves - Asset Revaluation		520,592,898	841,174,419

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 16: TRUST FUNDS

Funds held at balance date over which the City has no control and which are not included in the Statement of Financial Position are as follows:

	<i>Balance 1 July 2017 \$</i>	<i>Receipts \$</i>	<i>Payments \$</i>	<i>Balance 30 June 2018 \$</i>
Cash in Lieu of Parking:				
North East Neighbourhood	223,500	60,000	(60,000)	223,500
South West Neighbourhood	36,000	-	-	36,000
Streetscape - Hislop Road Precinct	19,019		(3)	19,016
Public Open Space				
Applecross	13,441	-	-	13,441
Melville	19,572	-	-	19,572
Artwork Developer Contribution:				
North East Neighbourhood	180,826	52,740	(207,357)	26,209
North West Neighbourhood	144,700	130,400	(39,500)	235,600
South West Neighbourhood	-	14,000	-	14,000
Bonds	234,095	100,000	(10,001)	324,094
Retention	25,643	-	-	25,643
Tree Bonds	2,000	-	-	2,000
Building Services Levy	137,548	599,006	(703,434)	33,120
Building and Construction Industry Training Fund	196,594	603,027	(754,574)	45,046
	1,232,937	1,559,173	(1,774,869)	1,017,241

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

17. STATEMENT OF RATING INFORMATION

Current Year Actuals 2017-2018	GENERAL RATE				MINIMUM RATE				TOTAL \$
	No. of Prop.	Rateable value \$	Rate in \$ Cents	Rate Yield \$	No.	Rateable value \$	Min. \$	Yield \$	
General Rate GRV									
Residential - Improved	29,099	840,608,419	6.379582	53,627,303	10,647	176,272,592	1,258.15	13,395,523	67,022,826
Residential - Unimproved	862	21,038,990	7.186171	1,511,898	120	1,090,370	802.50	96,300	1,608,198
	29,961	861,647,409		55,139,200	10,767	177,362,962		13,491,823	68,631,024
Commercial - Improved	1,510	241,716,328	7.213036	17,435,086	176	1,542,368	976.00	171,776	17,606,862
Commercial - Unimproved	21	1,655,327	7.213036	119,399	3	13,567	976.00	2,928	122,327
Strata Storage Units	2	14,040	7.213036	1,013	55	93,967	976.00	53,680	54,693
	1,533	243,385,695		17,555,499	234	1,649,902		228,384	17,783,882
Sub Total General Rate	31,494	1,105,033,104		72,694,699	11,001	179,012,864		13,720,207	86,414,906
Storage Unit Concession									(26,840)
Interim Rates									
Residential - Improved		(216,430)	6.379582	(33,925)	7	(111,513)	1,233.50	(8,474)	(42,400)
Residential - Unimproved		(381,087)	7.186171	(53,031)	4	(38,245)	786.80	(3,378)	(56,408)
Commercial - Improved		(184,619)	7.213036	(25,595)	7	73,080	956.90	(6,263)	(31,858)
Commercial - Unimproved		119,050	7.213036	16,505	-	-	956.90	70	16,575
Reversal of Rates received in advance 2016-2017									(876,999)
Rates received in advance in 2017-2018*									1,100,281
Total Amount Raised from Rates									86,497,257
Instalment Administration Fee									205,425
Instalment Interest									343,530
Late Payment Interest									272,833
GRAND TOTAL	31,494	1,104,370,018		72,598,653	11,019	178,936,186		13,702,162	87,319,045

Current Year Actuals 2017-2018	Rate Assessments		Rateable Value		Rate Yield		Average Rate
	#	%	\$	%	\$	%	\$
Residential	40,728	95.84%	1,016,881,011	80.58%	68,631,023	79.42%	1,685
Commercial	1,767	4.34%	245,035,597	19.42%	17,783,883	20.58%	10,064
	42,495	100%	1,261,916,608	100%	86,414,906	100%	

Rates Received in Advance*

Rates received in advance for the amount of \$1,100,281 is recognised as rates income as per AASB 1004, paragraph 30.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

17. STATEMENT OF RATING INFORMATION

Current Year Budget 2017-2018	GENERAL RATE				MINIMUM RATE				TOTAL \$
	No. of Prop.	Rateable value \$	Rate in \$ Cents	Rate Yield \$	No.	Rateable value \$	Min. \$	Yield \$	
General Rate GRV									
Residential - Improved	28,943	837,321,554	6.379582	53,417,616	10,441	172,581,512	1,258.15	13,136,344	66,553,960
Residential - Unimproved	855	20,767,310	7.186171	1,492,372	130	1,069,120	802.50	104,325	1,596,697
	29,798	858,088,864		54,909,988	10,571	173,650,632		13,240,669	68,150,658
Commercial - Improved	1,472	230,645,757	7.213036	16,636,561	213	1,542,368	976.00	207,888	16,844,449
Commercial - Unimproved	20	1,565,327	7.213036	112,908	4	5,020	976.00	3,904	116,812
Strata Storage Units	2	14,040	7.213036	1,013	55	93,967	976.00	53,680	54,693
	1,494	232,225,124		16,750,482	272	1,641,355		265,472	17,015,954
Sub Total General Rate	31,292	1,090,313,988		71,660,470	10,843	175,291,987		13,506,141	85,166,611
Storage Unit Concession									(26,840)
Interim Rates									
Residential - Improved	39	1,130,917	6.379582	72,148	15	247,938	1,258.15	18,872	91,020
Residential - Unimproved	12	294,343	7.186171	21,152	2	16,448	802.50	1,605	22,757
Commercial - Improved	7	1,099,509	7.213038	79,308	12	86,894	976.00	11,712	91,020
Commercial - Unimproved	4	348,258	7.213036	25,120	5	6,275	976.00	4,880	30,000
Total Amount Raised from Rates									85,374,568
Instalment Administration Fee									190,672
Instalment Interest									305,000
Late Payment Interest									239,724
GRAND TOTAL	31,350	1,093,187,015		71,858,198	10,877	175,649,542		13,543,210	86,109,964

Current Year Budget 2017-2018	Rate Assessments		Rateable Value		Rate Yield		Average Rate
	#	%	\$	%	\$	%	\$
Residential	40,369	95.81%	1,031,739,496	81.52%	68,150,658	80.02%	1,688
Commercial	1,766	4.19%	233,866,479	18.48%	17,015,954	19.98%	9,635
	42,135	100%	1,265,605,975	100%	85,166,611	100%	

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

17. STATEMENT OF RATING INFORMATION

DIFFERENTIAL RATING

A differential rate loading of 12.64 per cent above the residential improved land rate was applied to residential unimproved (vacant) land. A differential rate loading of 13.06 per cent above the residential improved land rate was applied to commercial and industrial land. If the differential rates were not imposed, the rate in the dollar would be approximately 6.379582 cents with a minimum rate of \$1,258.15. 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 its 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

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

(a) Discounts

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

(b) Early Payment Incentive

Ratepayers who paid their rates in full by the early payment date of 14 August 2017 were automatically eligible to go into the draw to win one of three \$1,000 Westpac Reward Saver Accounts. Those who signed up for email rates or registered for Bpay View or MyPost Digital Mailbox by 24 August 2017 were automatically eligible to win one of four prizes sponsored by various organisations listed below.

Prizes offered as early payment incentives	\$
Major Prize - Westpac Banking Corporation Bonus Saver Account	Three (3) of 1,000
Minor Prize - City of Melville Gym Memberships	2,856
Minor Prize - Matters of Taste Cooking Classes	660
Minor Prize - Stockland Bull Creek Shopping Centre Voucher	500
Minor Prize - Le Beau Day Clinic & Spa	400
Total	7,416

(c) Concessions

A concession was granted to strata titled storage units of 18m² or smaller, whereby the minimum rate charged was \$488.00. The value of this concession was \$26,840. The concession was granted due to the size and Gross Rental Value (GRV less than \$976.00) of the storage units. A 100% concession from General Rates was granted to the Melville Glades Golf Club. The value of this concession was \$19,556. The City grant a concession to the Club, as the club maintains the grounds and facilities at no cost to the City.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

19. INFORMATION ABOUT INTEREST PAYMENTS AND ADDITIONAL CHARGES

	<i>Interest Rate %</i>	<i>2017-2018 Actual \$</i>	<i>2017-2018 Budget \$</i>	<i>2016-2017 Actual \$</i>
Late Payment Interest	8	272,833	239,724	281,439
Instalment Interest	4	343,530	305,000	323,960
Instalment Administration Fee		205,424	190,672	187,295

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

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

The following three payment options were provided to ratepayers:

Option 1 - Full amount of the rate notice payable by 14 August 2017 to qualify for the early payment

Option 2 - Full amount of the rate notice payable by 24 August 2017.

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

1st Instalment	Due	28 August 2017
2nd Instalment	Due	30 October 2017
3rd Instalment	Due	3 January 2018
4th Instalment	Due	7 March 2018

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 20: FEES AND CHARGES

Program	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
General Purpose Funding	446,755	419,979	376,731
Law, Order, Public Safety	260,601	288,400	303,651
Health	286,165	289,196	280,789
Education & Welfare	92,776	64,677	77,332
Housing	95,329	102,009	98,459
Community Amenities	3,339,539	3,410,938	3,246,119
Recreation and Culture	7,480,758	7,963,115	7,520,311
Transport	1,090,395	1,108,285	1,007,995
Economic Services	2,712,420	2,470,562	2,612,333
Other Property and Services	213,611	119,365	146,392
	16,018,349	16,236,527	15,670,112

Swimming Pool Inspections	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
Operating Income			
Staff Vehicle Contributions	3,030	2,300	2,350
Building Application Fees	56	-	-
Swimming Pool Inspection Fees	409,105	410,632	352,993
Total Operating Income	412,191	412,932	355,343
Operating Expenditure			
Employee Costs	(160,577)	(199,370)	(159,079)
Materials & Contracts	-	(666)	-
Insurance	(1,447)	-	-
Internal Charges	(227,369)	(222,640)	(196,519)
Total Operating Expenditure	(389,393)	(422,677)	(355,599)
Net Swimming Pool	22,798	(9,744)	(255)
Transfer From/(To) Private Swimming Pool Inspection Fee Reserve	(22,798)	9,744	255
NET	-	-	-

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 21: SERVICE CHARGES

	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
Community Security	2,343,233	2,329,890	2,265,676
Underground Power Projects	2,607,998	2,750,000	5,272,635
	4,951,231	5,079,890	7,538,311
	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
Community Security			
Operating Income			
Staff Vehicle Contributions	-	-	2,297
Call Out/Alarm Response Fees	3,209	-	1,473
City of Melville Security Patrol Fees	2,340,024	2,329,890	2,261,906
Total Operating Income	2,343,233	2,329,890	2,265,676
Operating Expenditure			
Employee Costs	(1,694,601)	(1,786,458)	(1,673,594)
Materials & Contracts	(29,723)	(48,503)	(44,296)
Insurance	(1,198)	(3,000)	(3,876)
Other Expenditure	(3,636)	(2,000)	-
Internal Charges	(594,889)	(589,210)	(595,466)
Internal Recovery	21,328	30,000	29,146
Total Operating Expenditure	(2,302,719)	(2,399,172)	(2,288,086)
Net Community Security	40,514	(69,282)	(22,410)
Transfer From/(To) Community Security Reserve	(40,514)	69,282	22,410
Net - Surplus / (Deficit)	-	-	-

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 21: SERVICE CHARGES

Underground Power Projects	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
Operating Income			
Melville South Underground Power	294,069	300,000	1,104,872
Bicton North Underground Power		-	4,167,763
Ardross East Underground Power	(211,732)		-
Melville North Underground Power	1,178,546	1,150,000	-
Alfred Cove East Underground Power	1,347,115	1,300,000	-
Total Operating Income	2,607,998	2,750,000	5,272,635
Operating Expenditure			
Western Power - Melville South Underground Power Cash Calls	-	-	(1,592,292)
Western Power - Bicton North Underground Power Cash Calls	-	-	(4,254,673)
Western Power - Melville North Underground Power Cash Calls	-	(1,150,000)	-
Western Power - Alfred Cove East Underground Power Cash Calls	-	(1,300,000)	-
Total Operating Expenditure	-	(2,450,000)	(5,846,965)
Net Underground Power Projects	2,607,998	300,000	(574,330)
Transfer From/(To) Underground Power Projects Reserve	(2,525,661)	(300,000)	-
Net - Surplus / (Deficit)	82,337	-	(574,330)

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 22: GRANTS, SUBSIDIES AND CONTRIBUTIONS

Grants, subsidies and contributions are included as operating revenues in the Statements of Comprehensive Income.

By Nature or Type	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
Operating Grants, Subsidies and Contributions	3,808,697	3,632,547	5,483,556
Non-Operating Grants, Subsidies and Contributions	4,249,432	2,236,267	3,806,299
	8,058,129	5,868,814	9,289,855

By Program	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
Operating Grants, Subsidies and Contributions			
Governance	905	-	1,644
General Purpose Funding	3,139,152	3,200,000	4,876,924
Law, Order, Public Safety	72,131	14,602	68,614
Health	9,963	61,500	19,091
Education & Welfare	127,747	106,700	160,060
Community Amenities	241,708	25,000	63,800
Recreation and Culture	82,346	59,900	137,017
Transport	104,320	131,315	125,502
Economic Services	14,425	20,000	20,517
Other Property and Services	16,000	13,530	10,388
	3,808,697	3,632,547	5,483,556
Non-Operating Grants, Subsidies and Contributions			
Community Amenities	24,769	525,000	90,662
Recreation and Culture	882,819	-	324,745
Transport	3,341,844	1,711,267	3,390,892
	4,249,432	2,236,267	3,806,299
	8,058,129	5,868,814	9,289,855

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 23: ELECTED MEMBERS REMUNERATION

	2017-2018 Actual \$	2017-2018 Budget \$	2016-2017 Actual \$
Sitting Fees - Mayor	47,046	47,046	47,046
Sitting Fees - Councillors	368,053	376,368	370,842
Conference and Training	13,018	61,750	19,775
Allowance - Mayor	88,864	88,864	88,864
Allowance - Deputy Mayor	22,216	22,216	7,405
Allowance - Councillors	52,804	89,992	79,701
	592,001	686,236	613,633

NOTE 24: LEASING COMMITMENTS

Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

	2017-2018 Actual \$	2016-2017 Actual \$
Payable:	-	237,204
- not later than one year	-	19,767
- later than one year but not later than five years	-	-
- later than five years	-	256,971

NOTE 25: 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.

	2017-2018 Actual \$	2016-2017 Actual \$
Contingent liability for additional Workers' Compensation Premium	4,798,077	4,358,093

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

NOTE 26: EMPLOYEE NUMBERS

	2017-2018 No. of Employees	2016-2017 No. of Employees
The number of full-time equivalent employees at balance date	502	436

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 27: INVESTMENT IN REGIONAL COUNCIL USING 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 five 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 46.7% 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 2018 is \$7,535,289.

	2017-2018 Actual \$ (Audited)	2016-2017 Actual \$ (Audited)
The City's share in the net assets of the SMRC (excluding equity)	8,266,765	6,407,027
Equity Ratio	46.70%	41.76%
Represented by Share of Joint Venture entity's Financial Position:		
Current Assets	11,748,155	10,453,949
Non Current Assets	23,937,623	16,068,469
Total Assets	35,685,778	26,522,418
Current Liabilities	7,136,717	6,678,664
Non Current Liabilities	12,747,007	4,631,950
Total Liabilities	19,883,724	11,310,614
LESS: City of Melville's share of SMRC Loan Liability	7,535,289	8,804,777
Net Assets	8,266,764	6,407,027
Profit/(Loss) in Share of SMRC net result	1,859,738	(100,228)
Share of Revaluation of SMRC Non Current Assets	-	470,205
Net Increase / (Decrease) in Equity - SMRC Joint Venture	1,859,738	369,977

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 28: RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2017-2018 Actual \$	2016-2017 Actual \$
The total of remuneration paid to KMP of the City during the year are as follows:		
Short-term employee benefits	1,637,932	1,599,048
Post-employment benefits	189,994	189,979
Other long-term benefits	45,668	42,600
	1,873,594	1,831,627

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found in Note 23.

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 28: RELATED PARTY TRANSACTIONS

Related Parties

The City's main related parties are as follows:

i. Key management personnel

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

Dr Shayne Silcox (Chief Executive Officer)
John Christie (Ex-Director Technical Services)
Mick McCarthy (Director Technical Services)
Mario Murphy (Acting Director Technical Services)
Steve Wacher (Acting Director Technical Services)
Jeff Bird (Acting Director Technical Services)
Kimberly Brosztl (Acting Director Technical Services)
Steve Cope (Director Urban Planning)
Gavin Ponton (Acting Director Urban Planning)
Tony Capobianco (Acting Director Urban Planning)
Marten Tieleman (Director Corporate Services)
Christine Young (Director Community Development)
Todd Cahoon (Acting Director Community Development)
Leeann Reid (Acting Director Community Development)
Leanne Hartill (Acting Director Community Development)
Brodie Dawkins (Acting Director Community Development)
Louis Hitchcock (Executive Manager Legal Services)
Kylie Johnson (Executive Manager Organisational Development)
Dean McAuliffe (Acting Executive Manager Organisational Development)
Eli Gould (Acting Executive Manager Organisational Development)
Mayor Russell Aubrey
Ex-Deputy Mayor Cr Rebecca Aubrey
Deputy Mayor Cr Matthew Woodall
Ex-Cr Cameron Schuster
Cr Patricia Phelan
Cr Nicholas Pazolli
Cr Guy Wieland
Cr June Barton
Cr Clive Robartson
Cr Duncan Macphail
Cr Nicole Robins
Cr Tim Barling
Cr Katy Mair
Cr Steve Kepert
Cr Karen Wheatland

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 28: RELATED PARTY TRANSACTIONS

ii. Entities subject to significant influence by the City

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

iii. Joint venture entities accounted for under the equity method

The City has a 46.70% interest in the Canning Vale Regional Resource Recovery Centre. The interest in the joint venture entity is accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities, refer to Note 27.

Transactions with related parties

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

The following transactions occurred with related parties:

	2017-2018 Actual \$	2016-2017 Actual \$
Associated companies/individuals:		
Sale of goods and services	26,000	20,487
Purchase of goods and services	-	-
Amounts outstanding from related parties:		
Trade and other receivables	-	-
Loans to associated entities	-	-
Loans to key management personnel	-	-
Amounts payable to related parties:		
Trade and other payables	-	-
Loans from associated entities	-	-

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 29: MAJOR LAND TRANSACTIONS

There are no major land transactions in the year 2017-2018.

Carawatha Residential Redevelopment Project, Willagee

The City of Melville (Owner) is an equal participant in the Carawatha Residential Redevelopment Project in Willagee with Satterley Carawatha Pty Ltd (Developer). The City's financial interest is represented by contributing the value of the land at market value to the project whilst Satterley Carawatha Pty Ltd contribute working capital to the project to fund development via payment of a Participation Fee which equates to the market value of land contributed by the City. In turn both participants will be called upon to contribute additional proportionate working capital to fund the building construction phase of the project. The City's capital is to be funded from the Property Fund Reserve. The City and Satterley Carawatha Pty Ltd will receive share of proceeds from the sales in equal proportion during and at the end of the redevelopment project. Subject to the approval of development commence by mid 2019.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 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 and the Local Government Act 1995, Local Government (Financial Management) Regulations 1996 and the Trustees Act 1962 (Part 3).

	<i>Carrying Value</i>		<i>Fair Value</i>	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	154,604,464	133,971,994	154,604,464	133,971,994
Receivables	14,126,975	11,862,920	14,126,975	11,862,920
	168,731,439	145,834,914	168,731,439	145,834,914
Financial Liabilities				
Payables	6,848,306	6,801,480	6,848,306	6,801,480
Borrowings	2,400,046	2,690,661	2,107,325	2,339,453
	9,248,352	9,492,141	8,955,631	9,140,933

Fair Value is determined as follows:

Cash and Cash Equivalents, Receivables, Payables - estimated to be the carrying value which approximates net market value.

Borrowings - 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 2017-2018 was 2.584% (2.579% for 2016-2017).

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 30: FINANCIAL RISK MANAGEMENT

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

	30 June 2018	30 June 2017
	\$	\$
Impact of a 1% movement in interest rates on cash and investments:		
- Equity	1,546,045	1,339,720
- Income Statement	1,546,045	1,339,720

(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 property rates and services charges 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.

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

	30 June 2018	30 June 2017
Percentage of Rates Outstanding to Rates Revenue excluding Pensioner Deferred Rates	7%	6%
Percentage of Rates Outstanding to Rates Revenue including Pensioner Deferred Rates	8%	8%
Percentage of Other Receivables		
- Current	63%	69%
- Overdue	37%	31%

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 30: FINANCIAL RISK MANAGEMENT

(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:

	<i>Due within 1 year \$</i>	<i>Due between 1 & 5 years \$</i>	<i>Due after 5 years \$</i>	<i>Total contractual cash flows \$</i>	<i>Carrying values \$</i>
<u>2018</u>					
Payables	6,848,306	-	-	6,848,306	6,848,306
Borrowings	450,166	1,608,522	1,033,230	3,091,918	2,400,046
	7,298,472	1,608,522	1,033,230	9,940,224	9,248,352
<u>2017</u>					
Payables	6,801,480	-	-	6,801,480	6,801,480
Borrowings	434,259	1,885,741	1,221,383	3,541,383	2,690,661
	7,235,739	1,885,741	1,221,383	10,342,863	9,492,141

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 30: FINANCIAL RISK MANAGEMENT

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 %
<u>Year Ended 30 June 2018</u>								
Borrowings								
Fixed Rate								
Debtentures	317,022	313,467	376,193	198,326	183,016	1,012,022	2,400,046	
Weighted Average Effective Interest Rate	5.55%	5.85%	5.44%	5.35%	5.34%	3.64%		4.13%
<u>Year Ended 30 June 2017</u>								
Borrowings								
Fixed Rate								
Debtentures	290,614	317,022	313,466	376,193	198,326	1,195,040	2,690,661	
Weighted Average Effective Interest Rate	5.34%	5.62%	5.94%	5.53%	5.46%	4.14%		4.52%

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 31: FINANCIAL RATIO

	2017-2018	2016-2017	2015-2016
Current Ratio	1.61	1.49	1.46
Asset Consumption Ratio	0.56	0.65	0.66
Asset Renewal Funding Ratio	1.00	1.00	1.04
Asset Sustainability Ratio	1.35	1.28	1.35
Debt Service Cover Ratio	77.93	73.07	66.05
Operating Surplus Ratio	0.18	0.16	0.17
Own Source Revenue Coverage Ratio	1.17	1.12	1.10

Current Ratio

Measures the short term (unrestricted) liquidity.

Ratio	Target	Actual	Comments
Dept. of Local Government Advanced Benchmark	1.0 Higher is better	1.61	The City is in a solvent position and has the ability to meet its liabilities (obligations) as and when they fall due out of unrestricted funds.

Current assets minus restricted current assets

Current liabilities minus restricted liabilities associated with restricted assets

\$165.24 - \$146.39 = \$18.85 million

\$14.35 - \$2.67 = \$11.68 million

[Numbers taken from the Statement of Financial Position and Reserves Note 15]

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 31: FINANCIAL RATIO

Asset Consumption Ratio

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

Ratio	Target	Actual	Comments
Dept. of Local Government Advanced Benchmark	0.6 Higher is better	0.56	The City is investing in asset renewal to a level where it is in danger of slipping into a level where it will have difficulty maintaining the "aged" condition of its assets.

Depreciated Replacement Cost of Assets
Current Replacement Cost of Depreciable Assets

\$506.27 million
\$897.91 million

[Numbers taken from Note 12 - Land and Buildings, Plant and Equipment, Infrastructure, Infrastructure Other and Investment Property]

Asset Renewal Funding Ratio

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

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

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

\$158.28 million
\$158.28 million

[Numbers taken from the Long Term Financial Plan]

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 31: FINANCIAL RATIO

Asset Sustainability Ratio

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

Ratio	Target	Actual	Comments
Dept. of Local Government Advanced Benchmark	1.1 Higher is better	1.35	The City is investing in asset renewal/replacement to the degree that offsets the current consumption of its assets and provides for the effect of inflation.

Capital renewal and replacement expenditure

Depreciation Expense

\$20.07 million

\$14.89 million

[Numbers taken from the Rate Setting Statement]

Debt Service Cover Ratio

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

Ratio	Target	Actual	Comments
Dept. of Local Government Advanced Benchmark	5.0 Higher is better	77.93	The City has the ability to pay for its debts when they are due.

Annual Operating Surplus before interest and depreciation

Principal and Interest

\$35.331 million

\$0.4533 million

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 31: FINANCIAL RATIO

Operating Surplus Ratio

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

Ratio	Target	Actual	Comments
Dept. of Local Government Advanced Benchmark	0.15 Higher is better	0.18	The City has the ability to provide a strong operating surplus which will give flexibility in relation to future operational costs and capital funding.

Operating Revenue minus Operating Expense

Own Source Operating Revenue

$\$118.86 - \$98.57 = \$20.28$ million

\$115.05 million

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

Own Source Revenue Coverage Ratio

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

Ratio	Target	Actual	Comments
Dept. of Local Government Advanced Benchmark	0.9 Higher is better	1.17	The City has the ability to cover its own operating expenses from its own source revenue.

Own Source Operating Revenue

Operating Expense

\$115.05 million

\$98.57 million

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