



City of
Melville



City of Melville

Annual Financial Report
2019-2020

Part B

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Our Vision:

'Working together, to achieve community wellbeing, for today and tomorrow'

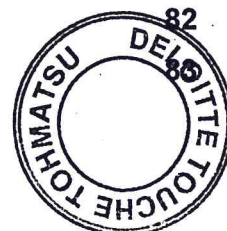
Principal Place of Business:

10 Almondbury Road
BOORAGOON WA 6154



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Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the City of Melville

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the City of Melville which comprises the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, 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 my opinion the annual financial report of the City of Melville:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2020 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 Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the City in accordance with the *Auditor General Act 2006* and the relevant 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 my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Notes 1 and 15 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the City's financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

- (i) Regulation 17A of the Regulations requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 *Leases* which would have required the entity to measure the vested improvements also at zero cost.
- (ii) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 of the Regulations did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

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

The Chief Executive Officer (CEO) of the City 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 the annual financial report that is free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) All required information and explanations were obtained by me.
- (ii) All audit procedures were satisfactorily completed.
- (iii) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial ratios for 2018 in Note 35 of the annual financial report were audited by another auditor when performing their audit of the City for the year ending 30 June 2018. The auditor expressed an unmodified opinion on the annual financial report for that year.

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 2020 included on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual 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 annual financial report to confirm the information contained in this website version of the annual financial report.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
4 December 2020

CITY OF MELVILLE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020
LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996
STATEMENT BY THE CHIEF EXECUTIVE OFFICER

The attached financial statements of the City of Melville for the financial year ended 30 June 2020 are based on proper accounts and records to present fairly the financial position of the City of Melville as at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed as authorisation of issue on the 2nd day of December 2020



Marten Tieleman
CHIEF EXECUTIVE OFFICER





2 December 2020

Ms Caroline Spencer
Auditor General
Office of the Auditor General
7th Floor, Albert Facey House
469 Wellington Street
PERTH WA 6000

Dear Ms Spencer

**REPRESENTATION LETTER IN RESPECT OF THE CITY OF MELVILLE'S ANNUAL
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020**

This representation letter is provided in connection with your audit of the City of Melville's annual financial report for the year ended 30 June 2020 for the purpose of expressing an opinion as to whether the annual financial report is fairly presented in accordance with the *Local Government Act 1995* (the Act), the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

We submit the following representations for the year ended 30 June 2020 after making appropriate enquiries and according to the best of our knowledge and belief. This representation covers all material items in each of the categories listed below.

1. GENERAL

- (a) We have fulfilled our responsibilities for the preparation and fair presentation of the annual financial report in accordance with the *Local Government Act 1995* (the Act), the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.
- (b) We have advised your auditors of all material contentious methods used in the presentation of the financial report.
- (c) There have been no changes in accounting policies or application of those policies that would have a material effect on the financial report, except as disclosed in Note 29 to the financial report.
- (d) The prior period comparative information in the financial report has not been restated except as disclosed in Note 30 to the financial report.

- (e) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We confirm the disclosures related to accounting estimates are complete and appropriate.
- (f) We have established and maintained an adequate internal control structure and adequate financial records as we have determined are necessary to facilitate the preparation of the financial report that is free from material misstatement, whether due to fraud or error.
- (g) We have provided your auditors with
 - (i) Access to all information of which we are aware that is relevant to the preparation of the financial report, such as records, documentation and other matters.
 - (ii) Additional information that your auditors have requested for the purpose of the audit.
 - (iii) Unrestricted access to staff and councillors of the City from whom your auditors determined it necessary to obtain audit evidence.
- (h) All transactions have been recorded in the accounting and other records and are reflected in the financial report.
- (i) All internal audit reports and reports resulting from other management reviews, including legal issues and legal opinions which have the capacity to be relevant to the fair presentation of the financial report including, where relevant, minutes of meetings, have been brought to your auditors' attention and made available to them.
- (j) We have advised your auditors of all known instances of non-compliance or suspected non-compliance with laws and regulations, and all known data or security breaches whose effects should be considered when preparing the financial report.
- (k) We have provided to your auditors the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
- (l) We have provided information to your auditors of our knowledge of fraud or suspected fraud affecting the City involving:
 - (i) Management;
 - (ii) Employees who have significant roles in internal control; or
 - (iii) Others

A summary of these is *provided below*.

Matter Identified	Description of Subject Matter
Petty cash theft	Petty cash theft incident noted at the City's library of minor cash held in a photocopying machine. Cash handling and storage controls were reviewed and tightened as a result of the incident.
Incorrect recording of timesheets	Suspected incorrect recording of timesheet entries at the City's LeisureFit Centre. Controls around timesheet recording at the LeisureFit Centre have been reviewed.

- (m) To our knowledge no allegations of fraud or suspected fraud affecting the City's financial report has been communicated to us by employees, former employees, analysts, regulators or others.
- (n) We have disclosed to your auditors all known actual or possible litigation and claims whose effects should be considered when preparing the financial report, and they have been accounted for and disclosed in accordance with Australian Accounting Standards.

2. FAIR VALUE MEASUREMENTS AND DISCLOSURES

We confirm that where assets and liabilities are recorded at fair value, the value attributed to these assets and liabilities is the fair value.

We confirm that the carrying amount of each physical non-current asset does not materially differ from its fair value at the end of the reporting period. Significant fair value assumptions, including those with high estimation uncertainty, are reasonable.

We confirm the measurement methods, including related assumptions, used by management in determining fair values are appropriate and have been consistently applied.

We confirm that the fair value disclosures in the financial report are complete and appropriate.

3. GOING CONCERN

We confirm that the going concern basis of accounting is appropriate for the annual financial report.

4. CONTINGENT LIABILITIES

There are no material contingent liabilities at year end that have not been completely and adequately disclosed in the Notes to the financial report.

5. COMMITMENTS FOR CAPITAL AND OTHER EXPENDITURE

Other than those commitments reported in the Notes to the financial report, there were no significant commitments for capital or other expenditure contracts carrying over at year end.

6. FINANCIAL LIABILITY FOR CONTAMINATED SITES

We are aware of our obligations under the *Contaminated Sites Act 2003* and have reported to the Department of Water and Environmental Regulation, all land owned, vested or leased by the City that is known to be, or is suspected of being, contaminated. All actual liabilities or contingent liabilities, if any, have been recognised and/or disclosed in the financial report as appropriate.

7. RELATED ENTITIES

We acknowledge our responsibility under section 17(1) of the *Auditor General Act 2006* (as applied by section 7.12AL of the *Local Government Act 1995*) to give written notice to the Auditor General if any of the City's functions are being performed in partnership or

jointly with another person or body, through the instrumentality of another person or body, and/or by means of a trust. We confirm that we have provided the Auditor General with details of all related entities in existence at 30 June 2020.

8. RELATED PARTIES

We have disclosed to your auditors the identity of the City's related parties, as defined in Australian Accounting Standards, of which we are aware, and all the related party relationships and transactions of which we are aware. These include the City's key management personnel (KMP) and their related parties, including their close family members and their controlled and jointly controlled entities.

We have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of Australian Accounting Standards.

9. KEY MANAGEMENT PERSONNEL COMPENSATION

We confirm the City's key management personnel (KMP) have not received any other money, consideration or benefit (except amounts being reimbursements for out of pocket expenses) which has not been included in the compensation disclosed in the Notes to the financial report.

10. SUBSEQUENT EVENTS

No matters or occurrences have come to our attention between the date of the financial report and the date of this letter which would materially affect the financial report or disclosures therein, or which are likely to materially affect the future results or operations of the City.

11. INTERNAL CONTROL

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

12. INSURANCE

We have established procedures to assess the adequacy of insurance cover on all assets and insurable risks. We believe, where appropriate, assets and insurable risks are adequately covered by insurance.

13. RISK MANAGEMENT

We confirm that we have established and maintained a risk management framework that is appropriate to the City.

14. FINANCIAL RATIOS

We confirm that the financial ratios included in the annual financial report have been prepared and fairly presented in accordance with the *Local Government (Financial Management) Regulations 1996*.

We confirm that the asset consumption ratio and the asset renewal funding ratio are supported by verifiable information and reliable assumptions.

15: ACCOUNTING MISSTATEMENTS

There are no uncorrected misstatements in the financial report.

16. ELECTRONIC PRESENTATION OF THE AUDITED ANNUAL FINANCIAL REPORT AND AUDITOR'S REPORT

- (a) We acknowledge that we are responsible for the electronic presentation of the annual financial report.
- (b) We will ensure that the electronic version of the audited annual financial report and the auditor's report presented on the City's website is the same as the final signed versions of the audited annual financial report and the auditor's report.
- (c) We have clearly differentiated between audited and unaudited information in the construction of City's website and understand the risk of potential misrepresentation in the absence of appropriate controls.
- (d) We have assessed the security controls over the audited annual financial report and the auditor's report and are satisfied that procedures in place are adequate to ensure the integrity of the information provided.
- (e) We will ensure that where the auditor's report on the annual financial report is provided on the website, the annual financial report is also provided in full.

17. OTHER (UNAUDITED) INFORMATION IN THE ANNUAL REPORT

We will provide the final version of the annual report to you when available, to enable you to complete your required procedures.



Director Corporate Services (or the equivalent)

NAME: Alan Ferris

2/12/2020

Date


Chief Executive Officer

NAME: Marten Tieleman

2/12/2020

Date

STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2019-2020 Actual \$	2019-2020 Budget \$	Restated * 2018-2019 Actual \$
Revenue				
Rates	20	90,792,911	89,200,956	87,861,920
Operating Grants, Subsidies and Contributions	2(a)	4,811,165	4,436,852	4,438,548
Fees And Charges	2(b)	14,782,651	16,412,672	16,652,108
Service Charges	2(c)	5,719,697	5,669,939	5,319,221
Interest Earnings	2(d)	4,456,949	4,477,000	5,684,190
Other Revenue		3,352,465	1,199,261	2,530,689
		123,915,839	121,396,679	122,486,676
Expenses				
Employee Costs		(49,335,799)	(48,869,405)	(46,432,292)
Materials and Contracts		(33,255,455)	(32,257,552)	(32,785,049)
Utility Charges		(3,927,646)	(4,283,928)	(3,862,335)
Insurance Expenses		(1,028,851)	(1,081,310)	(1,050,466)
Depreciation On Non-Current Assets	15(d)	(22,244,753)	(22,511,827)	(20,641,637)
Interest Expenses	2(e)	(127,076)	(139,749)	(142,302)
Other Expenditure		(5,528,849)	(5,852,781)	(6,565,914)
		(115,448,429)	(114,996,551)	(111,479,995)
Non-Operating Grants, Subsidies and Contributions	2(a)	2,405,809	18,305,085	4,143,782
Profit/(Loss) On Asset Disposals	15(c)	(1,208,224)	4,250	(1,033,861)
Share of Net Profit/(Loss) of Equity Accounted Investment In Associates	25(a)	1,095,976	-	(694,705)
Share of Net Profit/(Loss) of Equity Accounted Joint Arrangements	25(b)	(146,464)	-	-
		2,147,097	18,309,335	2,415,216
Net Result For The Year		10,614,508	24,709,463	13,421,897
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes On Revaluation Of Non-Current Assets		-	-	43,612,292
Revaluation Of Local Government House Unit Trust Holding		-	-	20,503
Share of Investment in Associates on Revaluation Of Non Current Assets	25(a)	1,949,571	-	(371,373)
Total Other Comprehensive Income		1,949,571	-	43,261,422
Total Comprehensive Income For The Year		12,564,079	24,709,463	56,683,319

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

* Refer to Note 30



**STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2019-2020 Actual \$	2019-2020 Budget \$	Restated * 2018-2019 Actual \$
Revenue				
Governance		31,849	-	11,489
General Purpose Funding		98,837,652	100,521,766	97,180,328
Law, Order, Public Safety		2,781,373	2,549,172	2,697,681
Health		292,473	303,313	345,498
Education & Welfare		254,532	239,895	244,362
Housing		109,270	114,475	116,827
Community Amenities		4,759,916	3,957,404	4,177,609
Recreation and Culture		7,206,861	8,755,894	8,739,613
Transport		1,659,429	1,599,343	1,796,317
Economic Services		7,210,042	3,038,466	6,553,004
Other Property and Services		772,442	316,951	623,949
		123,915,839	121,396,679	122,486,676
Expenses				
Governance		(5,223,408)	(6,152,018)	(4,539,798)
General Purpose Funding		(936,328)	(5,215,735)	(990,962)
Law, Order, Public Safety		(4,054,344)	(4,080,799)	(4,017,653)
Health		(1,045,857)	(1,128,413)	(1,087,627)
Education & Welfare		(2,883,194)	(3,067,314)	(2,813,429)
Housing		(92,250)	(96,906)	(94,734)
Community Amenities		(27,817,583)	(26,222,531)	(26,283,367)
Recreation and Culture		(35,933,213)	(35,909,914)	(34,814,520)
Transport		(18,716,889)	(17,962,135)	(17,409,450)
Economic Services		(6,433,479)	(2,347,582)	(7,934,095)
Other Property and Services		(12,184,807)	(12,673,457)	(11,352,058)
		(115,321,352)	(114,856,802)	(111,337,693)
Finance Costs				
Recreation and Culture	2(e)	(127,076)	(139,749)	(142,302)
		(127,076)	(139,749)	(142,302)



**STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2020**

	<i>Note</i>	<i>2019-2020 Actual</i>	<i>2019-2020 Budget</i>	<i>Restated * 2018-2019 Actual</i>
		\$	\$	\$
Non-Operating Grants, Subsidies and Contributions	2(a)	2,405,809	18,305,085	4,143,782
Profit/(Loss) On Asset Disposals	15(c)	(1,208,224)	4,250	(1,033,861)
Share of Net Profit/(Loss) of Equity Accounted Investment In Associates	25(a)	1,095,976	-	(694,705)
Share of Net Profit/(Loss) of Equity Accounted Joint Arrangements	25(b)	(146,464)	-	-
		2,147,097	18,309,335	2,415,216
Net Result For The Year		10,614,508	24,709,463	13,421,897
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes On Revaluation Of Non-Current Assets		-	-	43,612,292
Revaluation Of Local Government House Unit Trust Holding		-	-	20,503
Share of Investment in Associates on Revaluation Of Non Current Assets	25(a)	1,949,571	-	(371,373)
Total Other Comprehensive Income		1,949,571	-	43,261,422
Total Comprehensive Income For The Year		12,564,079	24,709,463	56,683,319

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

* Refer to Note 30



STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	<i>Note</i>	<i>2019-2020 Actual</i> \$	<i>Restated * 2018-2019 Actual</i> \$	<i>Restated * 2017-2018 Actual</i> \$
Current Assets				
Cash & Cash Equivalents	3	179,275,996	170,776,611	154,604,464
Trade And Other Receivables	7	14,823,143	9,735,528	9,364,425
Other Financial Assets	8	398,612	313,467	317,022
Inventories	9	128,627	105,538	106,964
Contract Assets	10	562,500	-	-
Other Assets	11	994,283	640,089	857,717
Total Current Assets		196,183,161	181,571,233	165,250,591
Non Current Assets				
Trade And Other Receivables	7	2,301,814	1,551,857	1,504,787
Other Financial Assets	8	23,509,325	15,087,446	18,039,746
Property, Plant & Equipment	15(a)	398,052,139	411,111,598	414,720,457
Infrastructure	15(b)	403,800,155	398,031,912	347,639,250
Investment Property	16	62,634,219	69,721,708	69,841,123
Total Non Current Assets		890,297,652	895,504,521	851,745,364
TOTAL ASSETS	6	1,086,480,813	1,077,075,754	1,016,995,955
Current Liabilities				
Trade And Other Payables	12	15,232,306	11,904,639	6,606,451
Other Financial Liability	17	2,320,941	1,289,048	1,569,242
Contract Liabilities	13	1,326,969	-	-
Borrowings	17	398,612	313,467	317,022
Employee Related Provisions	14	8,627,118	7,500,361	7,430,499
Total Current Liabilities		27,905,946	21,007,515	15,923,214
Non Current Liabilities				
Trade And Other Payables	12	453,903	293,873	241,855
Other Financial Liability	17	2,673,553	4,652,983	5,966,047
Borrowings	17	1,739,889	1,769,557	2,083,024
Employee Related Provisions	14(a)	799,600	703,761	817,066
Other Provision	14(b)	4,213,000	4,213,000	4,213,000
Total Non Current Liabilities		9,879,946	11,633,173	13,320,993
TOTAL LIABILITIES		37,785,892	32,640,688	29,244,207
NET ASSETS		1,048,694,921	1,044,435,066	987,751,749
Equity				
Retained Surplus		317,352,530	319,510,300	317,580,435
Reserves - Cash Backed	18	168,603,501	157,885,446	146,393,416
Revaluation Surplus	18(a)	562,738,890	567,039,320	523,777,898
TOTAL EQUITY		1,048,694,921	1,044,435,066	987,751,749

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

* Refer to Note 30



**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	<i>Note</i>	<i>2019-2020 Actual \$</i>	<i>Restated * 2018-2019 Actual \$</i>
RESERVES CASH BACKED	18		
Balance at beginning of year		157,885,446	146,393,416
Transfer from accumulated surplus		(37,449,454)	(28,356,251)
Transfer to accumulated surplus		48,167,509	39,848,281
Balance at end of reporting period		168,603,501	157,885,446
REVALUATION SURPLUS	18(a)		
Balance at beginning of year		563,854,320	520,592,898
Prior Year Adjustment	30	3,185,000	3,185,000
Restated balance at beginning of the year		567,039,320	523,777,898
Change in Accounting Policies	15(a) & 31	(6,250,000)	-
Other comprehensive income		1,949,571	43,261,422
Balance at end of reporting period		562,738,890	567,039,320
RETAINED SURPLUS			
Balance at beginning of year		319,510,299	321,793,435
Prior year restatement	30	-	(4,213,000)
Restated balance at beginning of year		319,510,299	317,580,435
Effects of changes in accounting policy	29	(2,054,223)	-
Comprehensive income:			
Net result for the period		10,614,508	13,421,897
Other comprehensive income			
Total comprehensive income		10,614,508	13,421,897
Transfer from reserves		37,449,454	28,356,251
Transfer to reserves	18	(48,167,509)	(39,848,281)
Balance at end of reporting period		317,352,530	319,510,299
TOTAL EQUITY		1,048,694,921	1,044,435,066

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

* Refer to Note 30



STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 30 JUNE 2020

	<i>Note</i>	2019-2020 Actual \$	2019-2020 Budget \$	2018-2019 Actual \$
Cash Flows from Operating Activities				
Receipts				
Rates		85,602,870	89,200,956	86,000,858
Fees and Charges		14,172,170	15,357,930	16,780,364
Service Charges		5,719,697	5,669,939	5,319,221
Interest Received		4,456,949	3,198,506	5,684,190
Operating Grants, Subsidies and Contributions		4,811,165	4,436,852	4,438,548
Goods and Services Tax Received		5,409,709	200,000	6,072,345
Other Revenue		3,102,550	999,261	3,717,655
		123,275,110	119,063,443	128,013,180
Payments				
Employee Costs		(47,806,216)	(47,470,783)	(46,455,366)
Materials and Contracts		(31,387,590)	(32,231,898)	(27,453,787)
Utility Charges		(3,927,646)	(4,283,928)	(3,862,335)
Insurance Paid		(1,028,851)	(1,081,310)	(1,050,466)
Interest Expenses		(127,076)	(139,749)	(142,302)
Goods and Services Tax Paid		(5,793,938)	(200,000)	(6,044,719)
Other Expenditure		(5,204,325)	(5,852,781)	(6,248,893)
		(95,275,642)	(91,260,449)	(91,257,867)
Net Cash Provided By (Used In) Operating Activities	4	27,999,469	27,802,994	36,755,314
Cash Flows from Investing Activities				
Proceeds From Sale Of Property, Plant & Equipment	15(c)	320,949	435,500	637,397
Non-Operating Grants, Subsidies and Contributions	2(a)	2,405,809	16,205,085	4,143,782
Payments for Purchase of Property, Plant and Equipment	15(a)	(5,738,411)	(25,174,570)	(8,184,543)
Payments for Construction of Infrastructure Assets	15(b)	(9,464,121)	(24,822,882)	(9,987,371)
Payments for Work In Progress	15(b)	(6,942,688)	-	(7,193,078)
Net Cash Provided By (Used In) Investing Activities		(19,418,462)	(33,356,867)	(20,583,814)
Cash Flows from Financing Activities				
Repayment of Borrowings	17	(324,523)	(313,468)	(317,022)
Proceeds from Self-Supporting Loans		242,900	313,593	317,669
Net Cash Provided By (Used In) Financing Activities		(81,624)	125	647
Net Increase / (Decrease) in Cash Held		8,499,384	(5,553,747)	16,172,147
Cash and Cash Equivalents at Beginning of Year		170,776,611	161,254,792	154,604,464
Cash and Cash Equivalents at the End of Year	3	179,275,996	155,701,045	170,776,611

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



**RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2019-2020 Actual \$	2019-2020 Budget \$	2018-2019 Actual \$
OPERATING ACTIVITIES				
Net Current Assets At Start Of Financial Year - Surplus	5(a)	1,913,097	-	4,503,203
Revenue From Operating Activities (Excluding Rates)				
Governance		31,849	-	11,489
General Purpose Funding		8,044,741	8,082,694	9,318,408
Law, Order, Public Safety		2,781,373	2,549,172	2,697,681
Health		292,473	303,313	345,498
Education & Welfare		254,532	239,895	244,362
Housing		109,270	114,475	116,827
Community Amenities		5,855,892	3,957,404	4,177,609
Recreation and Culture		7,007,533	8,755,894	8,505,965
Transport		1,659,429	1,599,343	1,796,317
Economic Services		7,210,042	6,276,583	6,553,004
Other Property and Services		(367,106)	321,201	1,234,632
		32,880,028	32,199,973	35,001,792
Expenditure From Operating Activities				
Governance		(5,223,408)	(6,152,018)	(4,539,798)
General Purpose Funding		(936,328)	(948,282)	(990,962)
Law, Order, Public Safety		(4,054,344)	(4,080,799)	(4,017,653)
Health		(1,045,857)	(1,128,413)	(1,087,627)
Education & Welfare		(2,883,194)	(3,067,314)	(2,813,429)
Housing		(92,250)	(96,906)	(94,734)
Community Amenities		(27,817,583)	(26,222,531)	(26,978,072)
Recreation and Culture		(35,882,230)	(36,049,663)	(34,639,800)
Transport		(18,716,889)	(17,962,135)	(17,409,450)
Economic Services		(6,433,479)	(6,615,035)	(7,934,095)
Other Property and Services		(14,210,860)	(13,471,984)	(13,083,698)
		(117,296,422)	(115,795,080)	(113,589,317)
Operating activities excluded				
Non-Cash Amounts Excluded from Operating Activities	5(b)	23,923,182	22,828,507	22,264,918
Amount Attributable To Operating Activities		(58,580,115)	(60,766,600)	(51,819,403)



**RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020**

	<i>Note</i>	<i>2019-2020 Actual \$</i>	<i>2019-2020 Budget \$</i>	<i>2018-2019 Actual \$</i>
INVESTING ACTIVITIES				
Non-Operating Grants, Subsidies And Contributions	2(a)	2,405,809	18,305,085	4,143,782
Proceeds From Disposal Of Assets	15(c)	320,949	435,500	637,397
Purchase Of Property, Plant & Equipment	15(a)	(5,738,411)	(59,174,570)	(8,184,543)
Purchase Of Infrastructure Assets	15(b)	(9,464,121)	(31,028,602)	(9,987,371)
Movement In Work In Progress	15(b)	(6,942,688)	-	(7,193,078)
Amount Attributable To Investing Activities		(19,418,462)	(71,462,587)	(20,583,814)
FINANCING ACTIVITIES				
Repayment Of Borrowings	17(a)	(324,523)	(313,468)	(317,022)
Proceeds from self-supporting loans		242,900	313,593	317,669
Funds To Be Set Aside	18	(44,681,032)	(38,259,227)	(35,741,985)
Funds To Be Set Aside Investment Earnings	18	(3,486,477)	(3,100,000)	(4,106,296)
Funds To Be Used	18	37,449,454	84,387,333	28,356,251
Amount Attributable To Financing Activities		(10,799,679)	43,028,231	(11,491,382)
Surplus/(Deficit) Before Imposition Of General Rates		(88,798,257)	(89,200,956)	(83,894,599)
Total Amount Raised From General Rates		90,792,911	89,200,956	87,861,920
Surplus/(Deficit) After Imposition Of General Rates	5(c)	1,994,655	-	3,967,320

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



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: BASIS OF PREPARATION

Basis of Preparation

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

Amendments to Local Government (Financial Management) Regulations 1996

The Local Government (Financial Management) Regulations 1996 (FM regs) take precedence over Australian Accounting Standards. Prior to 1 July 2019, Regulation (Reg) 16 arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the City. This was not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

From 1 July 2019, the City has applied AASB 16 Leases which requires all leases to be included by lessees in the balance sheet. Also, the FM regs have been amended to specify that vested land is a right of use (ROU) asset to be measured at cost. All ROU assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the balance sheet) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the City to measure any vested improvements at zero cost.

The City has accounted for the removal of the vested land values associated with the Melville Glades and Point Water golf courses by removing the land value and associated revaluation reserve as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore, the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

New Accounting Standards For Application In Future Years

On 1 July 2020 the following new accounting standards are to be adopted:

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

AASB 1059 is not expected to impact the financial report. Specific impacts of AASB 2018-7 have not been identified.

Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These are disclosed in the respective notes to these financial statements.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: BASIS OF PREPARATION

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

The Local Government Reporting Entity

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 2: REVENUE AND EXPENSES

Revenue Recognition Policy

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 2: REVENUE AND EXPENSES

The Net result includes:

(a) Grants, Subsidies and Contributions

Grants, subsidies and contributions are included as operating revenues in the

	2019-2020 Actual \$	2019-2020 Budget \$	2018-2019 Actual \$
Operating Grants, Subsidies and Contributions			
Governance	1,597	-	2,890
General Purpose Funding	3,342,004	3,200,000	3,228,085
Law, Order, Public Safety	28,150	18,750	28,738
Health	-	30,000	17,500
Education & Welfare	175,251	166,082	135,141
Community Amenities	870,547	672,053	786,676
Recreation and Culture	200,627	212,966	48,158
Transport	172,989	134,000	191,156
Economic Services	-	-	(66)
Other Property and Services	20,000	3,000	269
	4,811,165	4,436,852	4,438,548
Non-Operating Grants, Subsidies and Contributions			
Community Amenities	-	14,000,000	-
Recreation and Culture	568,770	2,249,959	34,179
Transport	1,837,039	2,055,126	4,109,603
	2,405,809	18,305,085	4,143,782

SIGNIFICANT ACCOUNTING POLICIES

Grants, Subsidies And Contributions

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 2: REVENUE AND EXPENSES

(b) Fees & Charges

Program	2019-2020 Actual \$	2019-2020 Budget \$	2018-2019 Actual \$
General Purpose Funding	428,174	405,694	414,298
Law, Order, Public Safety	293,928	98,150	263,402
Health	288,156	273,313	325,008
Education & Welfare	43,138	43,607	62,687
Housing	102,689	105,345	108,359
Community Amenities	3,375,795	3,228,174	3,288,349
Recreation and Culture	6,030,414	8,038,444	7,807,345
Transport	1,144,545	1,239,800	1,343,330
Economic Services	2,942,958	2,859,266	2,900,537
Other Property and Services	132,853	120,880	138,794
	14,782,651	16,412,672	16,652,108

SIGNIFICANT ACCOUNTING POLICIES

Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. These fees and charges are recognised based on the timing of the provision of the service or completion of works in accordance with AASB 15.

(c) Service Charges

	2019-2020 Actual \$	2019-2020 Budget \$	2018-2019 Actual \$
Community Security	2,459,294	2,431,822	2,405,559
Underground Power Projects	3,260,403	3,238,117	2,913,662
	5,719,697	5,669,939	5,319,221

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 2: REVENUE AND EXPENSES

	2019-2020 Actual \$	2019-2020 Budget \$	2018-2019 Actual \$
Community Security			
Operating Income			
Call Out/Alarm Response Fees	559	1,000	627
City of Melville Security Patrol Fees	2,458,735	2,430,822	2,404,932
Total Operating Income	2,459,294	2,431,822	2,405,559
Operating Expenditure			
Employee Costs	(1,804,826)	(1,875,626)	(1,740,029)
Materials & Contracts	(39,831)	(45,515)	(33,818)
Insurance	-	(2,000)	(1,250)
Other Expenditure	(12,749)	(2,000)	(1,285)
Internal Charges	(554,563)	(548,657)	(605,879)
Internal Recovery	49,801	27,000	29,388
Total Operating Expenditure	(2,362,168)	(2,446,798)	(2,352,872)
Net Community Security	97,127	(14,976)	52,687
Transfer From/(To) Community Security Reserve	(97,127)	14,976	(52,687)
Net - Surplus / (Deficit)	-	-	-

	2019-2020 Actual \$	2019-2020 Budget \$	2018-2019 Actual \$
Underground Power Projects			
Operating Income			
Melville South Underground Power	4,086	-	2,283
Ardross East Underground Power	-	-	(2,697)
Melville North Underground Power	(339)	-	2,935,883
Alfred Cove East Underground Power	3,256,656	3,238,117	(21,806)
Total Operating Income	3,260,403	3,238,117	2,913,662
Operating Expenditure			
Western Power - Melville North Underground Power Cash Calls	(1,740,851)	(2,340,851)	(2,400,000)
Western Power - Alfred Cove East Underground Power Cash Calls	(1,926,602)	(1,926,602)	(2,780,000)
Total Operating Expenditure	(3,667,453)	(4,267,453)	(5,180,000)
Net Underground Power Projects	(407,050)	(1,029,336)	(2,266,338)
Transfer From/(To) Reserves	427,619	1,029,336	2,246,815
Net - Surplus / (Deficit)	20,569	-	(19,523)

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 2: REVENUE AND EXPENSES

	2019-2020 Actual \$	2019-2020 Budget \$	2018-2019 Actual \$
Contracts with customers and transfers for recognisable non-financial assets			
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City was recognised during the year for the following nature or types of goods or services:			
Operating grants, subsidies and contributions	4,811,165	4,436,852	4,438,548
Fees and charges	14,782,651	16,412,672	16,652,108
Other revenue	3,157,331	946,974	2,530,689
Non-operating grants, subsidies and contributions	2,405,809	18,305,085	4,143,782
	25,156,956	40,101,583	27,765,127
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City is comprised of:			
Contracts with customers included as a contract liability at the start of the period	464,666	-	-
Performance obligations satisfied in the previous year	-	-	-
Other revenue from contracts with customers recognised during the year	17,475,316	16,412,672	-
Transfers intended for acquiring or constructing recognisable non financial assets included as a contract liability at the start of the period	1,114,109	-	-
Other revenue from performance obligations satisfied during the year	6,102,865	23,688,911	-
	25,156,956	40,101,583	-

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 2: REVENUE AND EXPENSES

	2019-2020 Actual \$	2019-2020 Budget \$	2018-2019 Actual \$
Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:			
Trade and other receivables from contracts with customers	17,124,957	-	-
Contract assets	562,500	-	-
Contract liabilities form contracts with customers	1,326,969	-	-
Financial assets held from transfers for recognisable financial assets	602,457	-	-
Contract liabilities from transfers for recognisable non financial assets	(602,457)	-	-

Contract assets primarily relate to the City's right to consideration for work completed but not billed at 30 June 2020.

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

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

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

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

	2019-2020 Actual \$	2019-2020 Budget \$	2018-2019 Actual \$
Revenue from statutory requirements			
Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:			
General rates	90,792,911	89,200,956	87,861,920
Service Charges	5,719,697	5,669,939	5,319,221
	96,512,608	94,870,895	93,181,141
Assets and services acquired below fair value			
Recognised volunteer services	195,134	252,287	-

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 2: REVENUE AND EXPENSES

(d) Interest Earnings

	2019-2020 Actual \$	2019-2020 Budget \$	2018-2019 Actual \$
Interest Earnings			
Reserve Funds	3,486,477	3,100,000	4,106,296
Other Funds	196,879	745,000	784,301
Other Interest Revenue	773,592	632,000	793,593
	4,456,949	4,477,000	5,684,190

(e) Charged as Expenses

	2019-2020 Actual \$	2019-2020 Budget \$	2018-2019 Actual \$
Auditors Remuneration			
Audit of the Annual Financial Report	56,240	70,000	55,000
Other Services	5,023	840	6,500
	61,263	70,840	61,500
Finance costs			
Interest on Self Supporting Loans	127,076	139,749	142,302
	127,076	139,749	142,302

SIGNIFICANT ACCOUNTING POLICIES

Interest Earnings

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

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

Volunteer Services

The City utilises volunteer services at the library and for various community services.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 3: CASH AND CASH EQUIVALENTS

	2019-2020 Actual \$	2018-2019 Actual \$
Current Assets		
Cash on Hand	6,350	7,950
Cash at Bank (Includes 11am at call accounts)	6,899,964	2,902,520
Term Deposits	172,369,681	167,866,141
Total Cash and Cash Equivalents	179,275,996	170,776,611

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:

	2019-2020 Actual \$	2018-2019 Actual \$
Cash - Restricted Funds	167,906,208	156,771,337
Reserve Funds - Unspent Grants Restricted	697,293	1,114,109
Bonds and Deposits held - Restricted	7,506,041	978,562
Cash - Unrestricted Funds	3,166,454	11,912,603
Cash and Cash Equivalents at the End of Year	179,275,996	170,776,611

SIGNIFICANT ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

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

RESTRICTED CASH

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 4: NOTES TO THE STATEMENT OF CASHFLOWS

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

	<i>2019-2020 Actual \$</i>	<i>2018-2019 Actual \$</i>
Net Result	10,614,508	13,421,897
Non-Cash Flows In Net Result:		
Depreciation on Non-current Assets	22,244,753	20,641,637
(Profit) / Loss on Sale of Assets	1,208,224	1,033,861
Grants & Contributions for the Development of Assets	(2,405,809)	(4,143,782)
(Increase) / Decrease in Equity - Investment in Associates	(1,095,976)	694,705
(Increase) / Decrease in Equity - Joint Arrangements	146,464	-
Changes in Assets & Liabilities		
(Increase)/Decrease in Accrued Income	347,179	1,287,006
Increase/(Decrease) in Accrued Expenses	306,989	20,369
Increase/(Decrease) in Accrued Income Payable	-	-
(Increase)/Decrease in Current Receivables	(5,438,315)	(1,655,202)
(Increase)/Decrease in Non-Current Receivables	(720,289)	266,397
(Increase)/Decrease in Contract Assets	-	-
Increase/(Decrease) in Current Creditors	4,137,716	5,274,337
Increase/(Decrease) in Non-Current Creditors	(901,531)	(261,523)
Increase/(Decrease) in Contract Liabilities	(1,289,754)	-
(Increase)/Decrease in Inventory	(23,089)	1,426
Increase/(Decrease) in Provision for Employee Entitlements	1,222,594	(43,443)
(Increase)/Decrease in Prepayments	(354,194)	217,628
Net Cash Provided by Operating Activities	27,999,469	36,755,314

The City has no significant non-cash transactions .

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 5: RATE SETTING STATEMENT INFORMATION

(a) Reconciliation of Net Current Assets at 30 June 2019 and 1 July 2019

	<i>Note</i>	<i>30 June 2019</i>	<i>Adjustment/ Reclassification due to the application of new accounting standards</i>	<i>1 July 2019</i>
Contract Assets	29(a)	-	562,500	562,500
Total Current Assets		181,571,233	562,500	182,133,733
Contract Liabilities				
Membership Fees - Leisure Fit Booragoon	29(a)	-	(464,666)	(464,666)
Unspent Grants, Contributions and Reimbursements	29(a)	-	(1,114,109)	(1,114,109)
Prepaid Rates	29(b)	-	(1,037,948)	(1,037,948)
Total Current Liabilities		(21,007,515)	(2,616,723)	(23,624,238)
Reserves - Cash Backed	18	(157,885,446)	-	(157,885,446)
SMRC - Other Financial Liability	17	1,289,048	-	1,289,048
Total Adjustments to Net Current Assets		(156,596,398)	-	(156,596,398)
Net Current Assets Used in the Rate Setting Statement		3,967,320	(2,054,223)	1,913,097

(b) Non-Cash Amounts Excluded From Operating Activities

	<i>Note</i>	<i>2019-2020 Actual \$</i>	<i>2019-2020 Budget \$</i>	<i>2018-2019 Actual \$</i>
(b) Non-Cash Amounts Excluded From Operating Activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments To Operating Activities				
Add (Profit)/Loss on asset disposals		1,208,224	(4,250)	1,033,861
Add Depreciation on Assets		22,244,753	22,034,228	20,204,637
Add Plant Investment Provision		964,292	798,529	1,134,777
Net Movement of Deferred Pensioner Rates/ESL		(749,956)	-	(47,070)
Net Current Movement in Other Debtors/Creditors		160,030	-	52,018
Movement in Employee Benefit Provisions (non-current)		95,839	-	(113,305)
Non-Cash Amounts Excluded from Operating Activities		23,923,182	22,828,507	22,264,918

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 5: RATE SETTING STATEMENT INFORMATION

(c) Surplus/(Deficit)After Imposition Of General Rates

	Note	2019-2020 Actual \$	2019-2020 Budget \$	2018-2019 Actual \$
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments To Net Current Assets				
Less: Reserves - Restricted Cash		(168,603,501)	(103,488,864)	(157,885,446)
Total Adjustments To Net Current Assets		(168,603,501)	(103,488,864)	(157,885,446)
Net Current Assets Used In the Rate Setting Statement				
Total Current Assets		196,183,161	171,144,984	181,571,233
Less: Total Current Liabilities		(27,905,946)	-	(19,718,467)
Add SMRC - Other Financial Liability		2,320,941	-	-
Less: Reserves - Restricted Cash		(168,603,501)	(103,488,864)	(157,885,446)
Less: Restricted Municipal		-	(67,656,120)	-
Net Current Assets Used In The Rate Setting Statement		1,994,655	-	3,967,320

NOTE 6: TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019-2020 Actual \$	2018-2019 Actual \$
Governance	536,469,521	511,890,620
Education & Welfare	-	45,297
Community Amenities	95,299,931	93,020,273
Recreation and Culture	75,116,611	88,737,783
Economic Services	7,825,069	8,225,775
Other Property and Services	371,769,680	375,156,006
	1,086,480,813	1,077,075,754
Comprises:		
Total Current Assets	196,183,161	181,571,233
Total Non-Current Assets	890,297,652	895,504,521
	1,086,480,813	1,077,075,754

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 7: TRADE AND OTHER RECEIVABLES

	2019-2020 Actual \$	2018-2019 Actual \$
Current		
Rates Receivable		
Rates Debtors	6,912,476	5,024,914
UGP Debtors	764,617	528,623
Refuse Debtors	110,270	101,492
FESA Levy Debtors	1,355,123	952,652
Pensioner Rebates	2,802,090	896,811
Sundry Debtors	1,269,566	478,364
Allowance for Expected Credit Loss	(347,831)	(167,109)
GST Receivable	812,524	428,293
Accrued Income	1,144,308	1,491,487
	14,823,143	9,735,528
Non-Current		
Rates Outstanding - Pensioners	2,301,814	1,551,857
	2,301,814	1,551,857

The provision for expected credit loss was measured using the historical data to estimate future expected collections. Historical data is likely to be far less reliable in the future economic environment and the City considered the impact in balances as at 30 June 2020 due to COVID-19 and other related risks in calculating credit loss.

In determining the recoverability of trade receivables, the City consider any changes in the credit quality of the trade receivable from the date credit was initially granted up until the reporting date. The concentration of credit risk is limited due to the customer base being large. Accordingly, management believes that there is no further credit provision required in excess of the expected credit loss of \$347,831 in 2019-2020 in accordance with AASB 9 *Financial Instruments*.

SIGNIFICANT ACCOUNTING POLICIES

TRADE RECEIVABLES

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 7: TRADE AND OTHER RECEIVABLES

IMPAIRMENT AND RISK EXPOSURE

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

CLASSIFICATION AND SUBSEQUENT MEASUREMENT

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 8: OTHER FINANCIAL ASSETS

	<i>Note</i>	<i>2019-2020 Actual \$</i>	<i>2018-2019 Actual \$</i>
Current			
Loans - Clubs and Community Groups At Amortised Cost	17	398,612	313,467
Non-Current			
Loans - Clubs and Community Groups At Amortised Cost	17	1,739,889	1,769,557
Units (10) held in Local Government House At Fair Value Through Profit or Loss		175,171	175,171
Equity - Share in Investment in Associates (SMRC) At Fair Value Through Profit or Loss	25(a)	15,240,729	13,142,718
Equity - Share in Joint Arrangement (Carawatha Revelopment Project) At Fair Value Through Profit or Loss	25(b)	6,353,536	-
Total Other Financial Assets		23,509,325	15,087,446

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit or loss

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

- (a) Debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- (b) Equity investments which the City has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

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

NOTE 9: INVENTORIES

	<i>2019-2020 Actual \$</i>	<i>2018-2019 Actual \$</i>
Current		
Inventories		
Fuel and Materials at Cost	128,627	105,538
	128,627	105,538

SIGNIFICANT ACCOUNTING POLICIES

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 10: CONTRACT ASSETS

	2019-2020 Actual \$	2018-2019 Actual \$
Current		
Synthetic Playing Surface	562,500	-
Less: Allowance for Impairment of Contract Assets	-	-
	562,500	-

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

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

Reconciliation of Contract Assets

	Note	2019-2020 Actual \$
Carrying Amount at 30 June 2019		-
Balance recognised as at 1 July 2019 (due to application of AASB 15)	29(a)	562,500
Add: Revenue recognised from Contract Assets		-
Less: Balance transferred to Trade Receivables		-
Less: Allowance for Impairment of Contract Assets		-
Carrying Amount at 30 June 2020		562,500

SIGNIFICANT ACCOUNTING POLICIES

Contract Assets

Contract assets represent the City's right to consideration in exchange for goods or services the City has transferred to a customer when that right is conditional on something other than the passage of time. Contract assets represent jobs not yet invoiced at year end as the City has not met all the performance obligations in the contract which give an unconditional right to receive consideration.

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

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

As a result, the City has not disclosed the following:

- (a) transaction price allocated to the remaining performance obligations; and
- (b) an explanation of when the City expects to recognise revenue from satisfying these performance obligations.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 11: OTHER ASSETS

	2019-2020 Actual \$	2018-2019 Actual \$
Current		
Other Assets - Prepayments	994,283	640,089
	994,283	640,089

NOTE 12: TRADE AND OTHER PAYABLES

	2019-2020 Actual \$	2018-2019 Actual \$
Current		
Restricted Funds Creditor		
- Footpaths	5,908,195	5,384,048
- Bonds and Deposits held	1,580,525	978,562
- Other	17,321	26,377
Non-Restricted Funds Creditor	6,797,137	4,940,871
Prepaid Rates	13,697	-
Amount Received in Advance	78,908	45,247
Accrued Salaries & Wages	836,523	529,534
	15,232,306	11,904,639
Non-Current		
Creditors	453,903	293,873
	453,903	293,873

Reconciliation of Prepaid Rates	2019-2020 Actual \$
Carrying Amount at 30 June 2019	-
Balance recognised as at 1 July 2019 (due to application of AASB 1058)	1,037,948
Less: Amount recognised as revenue during the financial year (non-refunded prepaid rates as at 1 July 2019)	(954,355)
Add: Prepaid Rates received during the financial year	-
Less: Prepaid Rates refunded during the financial year	(69,896)
Carrying Amount at 30 June 2020	13,697

SIGNIFICANT ACCOUNTING POLICIES

TRADE AND OTHER PAYABLES

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 13: CONTRACT LIABILITIES

	2019-2020 Actual \$	2018-2019 Actual \$
Current		
Operating Grants, Subsidies and Contributions	34,497	-
Non-operating Grants, Subsidies and Contributions	662,797	-
Membership Fees - Leisure Fit Booragoon	629,675	-
	1,326,969	-

Reconciliation of Contract Liabilities

	2019-2020 Actual \$
Carrying Amount at 30 June 2019	-
Balance recognised as at 1 July 2019 (due to application of AASB 15)	1,578,775
Add: Amounts received during the financial year	766,612
Less: Amounts recognised as revenue after satisfaction of performance obligations	(1,018,418)
Carrying Amount at 30 June 2020	1,326,969

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 14: EMPLOYEE RELATED PROVISIONS AND OTHER PROVISIONS

NOTE 14(A): EMPLOYEE RELATED PROVISIONS

	2019-2020 Actual \$	2018-2019 Actual \$
Current		
Provision for Annual Leave	4,160,392	3,460,151
Provision for Long Service Leave	4,466,726	4,040,210
	8,627,118	7,500,361
Non-Current		
Provision for Long Service Leave	799,600	703,761
	799,600	703,761
Total Employee Related Provisions	9,426,718	8,204,122

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total 2019-2020 \$
Opening balance at 1 July 2019			
Current Provisions	3,460,151	4,040,210	7,500,361
Non-Current provisions	-	703,761	703,761
	3,460,151	4,743,971	8,204,122
Additional Provision	1,376,096	1,319,664	2,695,760
Amounts Used	(699,433)	(793,363)	(1,492,796)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	23,578	(3,947)	19,631
Balance at 30 June 2020	4,160,392	5,266,326	9,426,718

	2020 \$	2019 \$
Amounts are expected to be settled on the following basis:		
Less than 12 months after the reporting date	8,861,749	7,796,970
More than 12 months from reporting date	799,600	703,761
Expected reimbursements from other WA local governments	(234,631)	(296,609)
	9,426,718	8,204,122

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 14: EMPLOYEE RELATED PROVISIONS AND OTHER PROVISIONS

SIGNIFICANT ACCOUNTING POLICIES

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.

Other Long-Term Employee Benefits

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

Provisions

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

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

NOTE 14(B): OTHER PROVISIONS

	2019-2020 Actual \$	Restated 2018-2019 Actual \$
Non-Current		
John Connell Reserve	4,213,000	4,213,000
	4,213,000	4,213,000

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 14: EMPLOYEE RELATED PROVISIONS AND OTHER PROVISIONS

Provision For Remediation Costs

The provision relates to the indicative costs for remediation consists of the John Connell Reserve, a previous landfill site, of which the City has a legal obligation to restore the site. The amount is based on an assessment performed by an independent consultant of the indicative costs of the scope of works to satisfy the Department of Health and Department of Water and Environmental Regulation requirements. The assessment provided an indicative amount of \$3.83 million and a further 10% charge has been included to reflect the costs of contingency items, given the stage of the project. The provision has been recognised in the current year with prior year amounts being restated as detailed in Note 30 to the financial statements. In this regard, the effect of any present value differences between 30 June 2020 and the earliest period of restatement of comparatives (being 30 June 2018) has been assessed as immaterial.

A provision for remediation is recognised when:

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 15: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE

(a) PROPERTY, PLANT AND EQUIPMENT

Movements in Carrying Amounts

	<i>Land - Freehold Land</i>	<i>Land - Vested</i>	<i>Buildings</i>	<i>Total Land and Buildings</i>	<i>Plant and Equipment</i>	<i>Electronic Equipment</i>	<i>Furniture and Fittings</i>	<i>Computer Equipment</i>	<i>Property Improvement</i>	<i>Fleet and Mobile Plant</i>	<i>Total Plant and Equipment</i>	<i>Artworks</i>	<i>Total Property, Plant and Equipment</i>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	237,535,943	8,525,000	136,838,725	382,899,668	13,523,540	55,063	963,691	749,420	1,380	9,458,666	24,751,760	3,884,029	411,535,458
Prior year Adjustment		(2,275,000)		(2,275,000)					5,460,000		5,460,000		3,185,000
Additions	-	-	4,270,209	4,270,209	1,433,961	26,650	508,570	367,331	-	1,374,945	3,711,457	202,878	8,184,544
(Disposals)	(210,000)	-	-	(210,000)	(47,520)	(3,060)	(279,776)	(914)	(690)	(749,647)	(1,081,607)	-	(1,291,607)
Revaluation increments / (decrements) transferred to revaluation surplus	-		-	0	62,650	79,591	89,540	161,506		408,282	801,569	(379,652)	421,917
Depreciation (expense)	-		(6,785,238)	(6,785,238)	(1,845,258)	(42,154)	(178,896)	(406,729)	(437,690)	(1,227,749)	(4,138,476)	-	(10,923,714)
Carrying amount at 30 June 2019 (Restated)	237,325,943	6,250,000	134,323,696	377,899,639	13,127,373	116,090	1,103,129	870,614	5,023,000	9,264,497	29,504,703	3,707,255	411,111,598
Comprises:													
Gross carrying amount at 30 June 2019	237,325,943	6,250,000	248,110,302	491,686,245	33,217,570	434,390	3,160,742	4,848,554	6,631,240	12,081,308	60,373,804	3,707,255	555,767,305
Accumulated Depreciation at 30 June 2019	-	-	(113,786,606)	(113,786,606)	(20,090,197)	(318,300)	(2,057,613)	(3,977,941)	(1,608,240)	(2,816,811)	(30,869,102)	-	(144,655,707)
Carrying amount at 30 June 2019 (Restated)	237,325,943	6,250,000	134,323,696	377,899,639	13,127,373	116,090	1,103,129	870,614	5,023,000	9,264,497	29,504,703	3,707,255	411,111,598
Changes in Accounting Policies (see Note 31)	-	(6,250,000)	-	(6,250,000)	-	-	-	-	-	-	-	-	(6,250,000)
Additions	-	-	2,282,536	2,282,536	1,493,710	-	68,542	439,289	1,882	1,348,452	3,351,875	104,000	5,738,411
(Disposals)	-	-	(446,912)	(446,912)	-	-	(16,283)	(5,300)	-	(579,342)	(600,925)	(9,000)	(1,056,837)
Revaluation increments / (decrements) transferred to revaluation surplus	-		-	-	-	-	-	-	-	-	-		-
Depreciation (expense)	-	-	(6,919,536)	(6,919,536)	(2,027,752)	(64,288)	(201,576)	(483,596)	(437,129)	(1,357,155)	(4,571,496)	-	(11,491,032)
Carrying amount at 30 June 2020	237,325,943	0	129,239,784	366,565,727	12,593,331	51,802	953,812	821,007	4,587,753	8,676,452	27,684,157	3,802,255	398,052,139
Comprises:													
Gross carrying amount at 30 June 2020	237,325,943	0	249,317,330	486,643,273	34,711,281	434,390	3,188,565	4,679,903	6,633,122	12,631,654	62,278,914	3,802,255	552,724,443
Accumulated depreciation at 30 June 2020			(120,077,546)	(120,077,546)	(22,117,950)	(382,588)	(2,234,753)	(3,858,897)	(2,045,369)	(3,955,202)	(34,594,757)	-	(154,672,303)
Carrying amount at 30 June 2020	237,325,943	0	129,239,784	366,565,727	12,593,331	51,802	953,812	821,007	4,587,753	8,676,452	27,684,157	3,802,255	398,052,139

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 15: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE

(b) INFRASTRUCTURE

Movements in Carrying Amounts

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

	<i>Infrastructure - Roads</i>	<i>Infrastructure - Drains</i>	<i>Infrastructure - Footpaths</i>	<i>Infrastructure Parks</i>	<i>Infrastructure Street Furniture</i>	<i>Infrastructure Irrigation System</i>	<i>Total Infrastructure Excluding Work In Progress</i>	<i>Work In Progress</i>	<i>Total Infrastructure Including Work In Progress</i>
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	199,892,021	68,506,577	59,836,880	7,665,269	1,133,011	5,179,545	342,213,304	5,425,947	347,639,251
Additions	7,153,487	583,013	2,064,847	172,273	-	13,752	9,987,372	7,193,078	17,180,450
(Disposals)	-	-	-	-	-	-	-	-	-
Revaluation increments / (decrements) transferred to revaluation surplus	(11,886,421)	67,759,315	(13,062,171)	-	-	-	42,810,723	-	42,810,723
Depreciation (expense)	(5,279,082)	(1,054,702)	(1,620,421)	(721,389)	(45,367)	(877,550)	(9,598,511)	-	(9,598,511)
Carrying amount at 30 June 2019	189,880,005	135,794,203	47,219,135	7,116,153	1,087,644	4,315,747	385,412,888	12,619,025	398,031,912
Comprises:									
Gross carrying amount at 30 June 2019	340,812,487	283,753,218	78,632,229	12,149,714	2,327,361	20,494,368	738,169,378	12,619,025	750,788,403
Accumulated Depreciation at 30 June 2019	(150,932,482)	(147,959,015)	(31,413,094)	(5,033,561)	(1,239,717)	(16,178,621)	(352,756,490)	-	(352,756,490)
Carrying amount at 30 June 2019	189,880,005	135,794,203	47,219,135	7,116,153	1,087,644	4,315,747	385,412,888	12,619,025	398,031,912
Additions	6,528,911	667,574	820,902	646,746	103,756	696,232	9,464,121	6,942,688	16,406,809
(Disposals)	-	-	-	-	-	-	-	-	-
Revaluation increments / (decrements) transferred to revaluation surplus	-	-	-	-	-	-	-	-	-
Depreciation (expense)	(5,407,331)	(2,175,252)	(1,401,069)	(731,502)	(45,373)	(878,040)	(10,638,567)	-	(10,638,567)
Carrying amount at 30 June 2020	191,001,585	134,286,525	46,638,968	7,031,397	1,146,027	4,133,939	384,238,442	19,561,713	403,800,155
Comprises:									
Gross carrying amount at 30 June 2020	347,341,398	284,420,792	79,453,131	711,215,321	12,796,461	2,431,117	21,190,600	19,561,713	55,979,891
Accumulated depreciation at 30 June 2020	(156,339,813)	(150,134,267)	(32,814,163)	(339,288,243)	(5,765,063)	(1,285,090)	(17,056,661)	-	(24,106,813)
Carrying amount at 30 June 2020	191,001,585	134,286,525	46,638,968	7,031,397	1,146,027	4,133,939	384,238,442	19,561,713	403,800,155

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

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

(c) Disposal of Assets

	<i>Net Book Value</i>		<i>Sales Proceeds</i>		<i>Profit / (Loss)</i>		<i>Net Book Value</i>		<i>Sales Proceeds</i>		<i>Profit / (Loss)</i>	
	<i>2019-2020 Actual</i>	<i>2019-2020 Budget</i>	<i>2019-2020 Actual</i>	<i>2019-2020 Budget</i>	<i>2019-2020 Actual</i>	<i>2019-2020 Budget</i>	<i>2018-2019 Actual</i>	<i>2018-2019 Budget</i>	<i>2018-2019 Actual</i>	<i>2018-2019 Budget</i>	<i>2018-2019 Actual</i>	<i>2018-2019 Budget</i>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Artwork	9,000	-	-	-	(9,000)	-	379,652	-	-	-	(379,652)	-
Land & Building	789,484	-	-	-	(789,484)	-	210,000	-	104,258	-	(105,742)	-
Furniture & Fittings	16,283	-	4,300	4,250	(11,983)	4,250	279,775	-	21,670	10,500	(258,105)	10,500
Electronic Equipment	5,300	-	-	-	(5,300)	-	3,060	-	-	-	(3,060)	-
Computer Equipment	-	-	-	-	-	-	914	-	-	-	(914)	-
Plant & Equipment	-	431,250	-	431,250	-	-	47,520	774,150	-	774,150	(47,520)	-
Property	-	-	-	-	-	-	690	-	-	-	(690)	-
Fleet and Mobile Plant	503,366	-	316,649	-	(186,717)	-	749,647	-	511,469	-	(238,178)	-
Investment Land	6,705,740	-	6,500,000	-	(205,740)	-	-	-	-	-	-	-
Total	8,029,172	431,250	6,820,949	435,500	(1,208,224)	4,250	1,671,258	774,150	637,397	784,650	(1,033,862)	10,500

(d) Depreciation

	<i>2019-2020 Actual</i>	<i>2019-2020 Budget</i>	<i>2018-2019 Actual</i>
	\$	\$	\$
Infrastructure	10,818,138	9,604,370	9,598,511
Building	6,919,536	8,519,799	6,904,652
Fleet and Mobile Plant	1,357,155	2,000,009	1,227,749
Plant & Equipment	2,464,752	1,715,512	1,888,100
Computer Equipment	483,596	474,332	406,729
Furniture & Fittings	201,576	197,805	178,896
Total	22,244,753	22,511,827	20,204,637

(e) Fully Depreciated Assets in Use

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

Asset Class	<i>2019-2020 Actual</i>	<i>2018-2019 Actual</i>
	\$	\$
Computers	2,848,140	3,277,641
Electronic	141,340	90,389
Furniture	1,066,588	1,055,088
Lighting	193,400	-
Other Improvements	7,175,066	7,114,939
Playground Equipment	239,814	101,342
Plant	3,943,374	3,943,374
Total	15,607,722	15,582,773

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 15: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE

SIGNIFICANT ACCOUNTING POLICIES

Fixed Assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

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

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

Crown Land

Land under control prior to 1 July 2019

In accordance with the then Local Government (Financial Management) Regulation 16(a)(ii), the City was previously required to include as an asset (by 30 June 2013), vested 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 15: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE

Land under roads prior to 1 July 2019

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

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

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

Whilst such treatment was 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 1996 prevail.

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

Land under roads from 1 July 2019

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

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

Vested improvements from 1 July 2019

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

Depreciation

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

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 15: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE

Depreciation rates

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

Asset Class	Useful life
Buildings including Investment and Heritage	
- Sub Structure	60 - 100 years
- Sub Structure - Only for Heritage Building	60 - 400 years
- Super Structure	25 - 80 years
- Roof	20 - 60 years
- Floor Coverings	15 - 30 years
- Fitout & Fittings	15 - 40 years
- Services - Fire	10 - 40 years
- Services - Security	10 - 40 years
- Services - Electrical	10 - 40 years
- Services - Hydraulic	10 - 30 years
- Services - Mechanical	10 - 30 years
- Services - Transport	10 - 40 years
Plant and Equipment	1 - 10 years
Computer/CCTV equipment	3 - 5 years
Electronic equipment	3 - 5 years
Furniture & fittings	1 - 10 years
Fleet (All Vehicles and Plant)	1 - 10 years
Roads	
- Formation	Not Depreciated
- Base	50 - 80 years
- Surface	10 - 30 years
- Kerbing and Pavement	60 - 70 years
Footpaths	10 - 60 years
Stormwater Drainage	40 - 80 years
Parks/POS	5 years
Irrigation	5 - 30 years
Jetties and Boardwalk	50 - 100 years
Lighting	10 - 15 years

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 15: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE

Depreciation on revaluation

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 15: PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE

SIGNIFICANT ACCOUNTING POLICIES

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 15: PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE

SIGNIFICANT ACCOUNTING POLICIES

<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	2 & 3	Cost Approach/Market approach	Independent registered valuer	June 2019	Make, size, year of manufacture, costs and current condition , residual values and remaining useful life assessments inputs. The amount that would be required to replace the service capacity of the assets
Computer Equipment	2 & 3	Cost Approach/Market approach	Independent registered valuer	June 2019	Make, size, year of manufacture, costs and current condition , residual values and remaining useful life assessments inputs. The amount that would be required to replace the service capacity of the assets
Mobile Plant	2	Market approach	Independent registered valuer	June 2019	Make, size, year of manufacture, costs and current condition , residual values and remaining useful life assessments inputs. The amount that would be required to replace the service capacity of the assets
Infrastructure					
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Independent valuation	June 2019	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drains	3	Cost approach using depreciated replacement cost	Independent valuation	June 2019	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpath	3	Cost approach using depreciated replacement cost	Independent valuation	June 2019	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 15: PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE

SIGNIFICANT ACCOUNTING POLICIES

<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 - Other					
Infrastructure - Parks	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Street Furniture	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Irrigation Systems	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 16: INVESTMENT PROPERTY

Non-Current Assets At Fair Value

	<i>Investment Property -Land \$</i>	<i>Investment Property - Buildings \$</i>	<i>Total Investment Property \$</i>
Balance at 1 July 2018	67,379,855	2,461,268	69,841,123
Additions	-	-	-
(Disposals)	-	-	-
Revaluation increments / (decrements) transferred to revaluation surplus	-	-	-
Depreciation (expense)	-	(119,415)	(119,415)
Carrying Amount At 30 June 2019	67,379,855	2,341,853	69,721,708
Additions	-	-	-
(Disposals)	(6,705,740)	(266,595)	(6,972,335)
Revaluation increments / (decrements) transferred to revaluation surplus	-	-	-
Depreciation (expense)	-	(115,154)	(115,154)
Carrying amount at 30 June 2020	60,674,115	1,960,104	62,634,219

Amount Recognised In The Profit Or Loss For Investment Properties

	<i>2019-2020 Actual \$</i>	<i>2018-2019 Actual \$</i>
Rental Income	149,306	164,335
Direct Operating expenses from property that generated rental income	21,955	32,812
Fair Value gain recognises in other income	-	-
Net rental income	127,351	131,523
Leasing Arrangements		
Investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:		
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:		
Within one year	149,305	149,305
Later than one year but not later than 5 years	866,255	825,044
Later than 5 years	410,170	600,725
	1,425,730	1,575,074

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 16: INVESTMENT PROPERTY

SIGNIFICANT ACCOUNTING POLICIES

<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	2	Market approach	Independent registered valuer	June 2018	Observable Market Evidence, construction costs and current condition , residual values and remaining useful life assessments.

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

SIGNIFICANT ACCOUNTING POLICIES

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 17: INFORMATION ON BORROWINGS AND OTHER FINANCIAL LIABILITY

	<i>2019-2020 Actual \$</i>	<i>2018-2019 Actual \$</i>
Other Financial Liability		
Current		
Share of SMRC Loan Liability	2,320,941	1,289,048
	2,320,941	1,289,048
Non-Current		
Share of SMRC Loan Liability	2,673,553	4,652,983
	2,673,553	4,652,983
Total Share of SMRC Loan Liability	4,994,494	5,942,031
Borrowings		
Current		
Recreation and Culture Self Supporting Loans	398,612	313,467
	398,612	313,467
Non-Current		
Recreation and Culture Self Supporting Loans	1,739,889	1,769,557
	1,739,889	1,769,557
Total Borrowings in Self Supporting Loans	2,138,501	2,083,024

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 17: INFORMATION ON BORROWINGS AND OTHER FINANCIAL LIABILITY

(a) Details of Borrowings

Program / Sporting Body	Loan No	Principal 1 July 2019 \$	(Loans Discharged) New Loans \$	Interest		Principal Repayments		Principal 30 June 2020 \$	Current \$	Non-Current \$
				Budget \$	Actual \$	Budget \$	Actual \$			
Recreation and Culture										
Kardinya Bowling Club	379	18,250		943	223	18,250	18,250	-	-	-
Melville Glades Golf Club	382	270,215		20,877	16,968	82,185	82,185	188,030	188,030	-
Leeming Sport Association	398	76,966		5,214	4,633	17,509	17,509	59,457	18,616	40,841
Tompkins Park Community and Recreational Assn	399	281,110		26,398	17,811	28,513	28,513	252,597	20,453	232,145
Melville Hockey Club	400	25,265		1,707	1,033	25,265	25,265	-	-	-
Bull Creek Tennis Club	406	40,162		2,513	2,508	5,265	5,265	34,897	5,570	29,327
Melville Glades Golf Club	411	1,020,639		67,419	64,728	82,490	82,490	938,149	87,514	850,635
Mt Pleasant Bowling Club	413	118,052		5,383	4,632	32,158	32,158	85,895	33,391	52,504
Bull Gum Tennis Club	414	51,156		2,313	2,007	13,935	13,935	37,221	14,469	22,752
Brentwood Karoonda Sporting Association	415	181,209		6,982	6,791	7,898	7,897	173,312	8,149	165,163
Windelya Sports Association Incorporation	416	-	380,000	-	5,741	-	11,057	368,943	22,420	346,524
		2,083,024	380,000	139,749	127,076	313,468	324,523	2,138,501	398,612	1,739,889

The City has borrowings that are entered to support clubs and associations in the upgrade of their facilities. All loan repayments are negotiated by the City with the WA Treasury Corporation. The loan repayments are paid by the City and then recouped from the respective clubs and associations in accordance with the signed agreements and repayment schedules. As per council resolution CD17/8098 payments by the Mt Pleasant Bowling Club for the self supporting loan repayment have been suspended. A total amount of self supporting loans of \$95,508 has been waived for not for profits and sporting associations under the COVID-19 Melville Community Stimulus Package in the financial year 2019-2020.

The City's share of loan liability to the South Metropolitan Regional Council (SMRC) has been recognised as financial liability in 2018-2019 of \$5,942,031 and 2019-2020 of \$4,994,494. Refer to Note 25 Investment in Associates using Equity Method for more details.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 17: INFORMATION ON BORROWINGS AND OTHER FINANCIAL LIABILITY

New Borrowings

There was a new borrowing on self-supporting loan for Windelya Sports Association Incorporation of \$380,000 in 2019-2020. There was no new borrowings in 2018-2019.

Unspent Borrowings

The City has no unspent borrowings on self-supporting loans as at 30th June 2020.

SIGNIFICANT ACCOUNT POLICIES

Financial Liabilities

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

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

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability 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.

Borrowing Costs

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

Risks

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 18: RESERVES - CASH BACKED

	2019-2020 Actual \$	2019-2020 Budget \$	2018-2019 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	11,950	-	14,332
Funds to be set aside	-	-	-
Funds to be set aside - Investment Earnings	262	-	315
Funds to be used	-	-	(2,697)
Closing Balance	12,211	-	11,950
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	95,554	-	93,029
Funds to be set aside	-	-	-
Funds to be set aside - Investment Earnings	2,092	-	2,525
Funds to be used	-	-	-
Closing Balance	97,646	-	95,554
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	-	4,380	1,364,229
Funds to be set aside	-	-	-
Funds to be set aside - Investment Earnings	-	110	-
Funds to be used	-	-	(1,364,229)
Closing Balance	-	4,490	-
Melville North 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	1,776,344	2,330,709	1,193,518
Funds to be set aside	-	-	535,883
Funds to be set aside - Investment Earnings	19,832	29,123	46,943
Funds to be used	(1,740,851)	(2,340,851)	-
Closing Balance	55,325	18,981	1,776,344
Melville South 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	2,896	-	-
Funds to be set aside	-	-	2,819
Funds to be set aside - Investment Earnings	63	-	77
Funds to be used	-	-	-
Closing Balance	2,959	-	2,896

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 18: RESERVES - CASH BACKED

	2019-2020 Actual \$	2019-2020 Budget \$	2018-2019 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	6,179	6,204	6,016
Funds to be set aside	-	-	-
Funds to be set aside - Investment Earnings	135	155	163
Funds to be used	-	-	-
Closing Balance	6,314	6,359	6,179
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	3,752,705	3,387,796	3,261,455
Funds to be set aside	284,020	130,369	396,759
Funds to be set aside - Investment Earnings	85,139	86,680	99,171
Funds to be used	(11,365)	-	(4,680)
Closing Balance	4,110,499	3,604,845	3,752,705
Community Facilities Reserve <i>To be used for the provision of new, renewed or upgraded community facilities/buildings.</i>			
Opening Balance	22,844,502	19,299,451	22,538,527
Funds to be set aside	3,273,952	3,273,952	3,222,000
Funds to be set aside - Investment Earnings	489,152	287,504	603,701
Funds to be used	(4,275,185)	(18,964,223)	(3,519,726)
Closing Balance	22,332,422	3,896,684	22,844,502
Community Centre Fitout, Furniture & Equipment Reserve <i>To be used to fund the acquisition and replacement of the fitouts, furniture and specialised equipment requirements for Community Centres.</i>			
Opening Balance	-	-	-
Funds to be set aside	20,000	20,000	-
Funds to be set aside - Investment Earnings	61	64	-
Funds to be used	(14,387)	(14,900)	-
Closing Balance	5,675	5,164	-
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	673,562	618,335	649,513
Funds to be set aside	108,945	-	52,687
Funds to be set aside - Investment Earnings	15,809	15,332	17,800
Funds to be used	(11,819)	(14,976)	(46,438)
Closing Balance	786,497	618,691	673,562

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 18: RESERVES - CASH BACKED

	2019-2020 Actual \$	2019-2020 Budget \$	2018-2019 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	9,854,837	8,912,151	8,351,370
Funds to be set aside	2,000,000	2,000,000	2,000,000
Funds to be set aside - Investment Earnings	227,206	232,301	260,429
Funds to be used	(952,682)	(1,314,367)	(756,962)
Closing Balance	11,129,361	9,830,085	9,854,837
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	3,124,212	1,229,925	1,498,768
Funds to be set aside	12,116,649	11,851,932	3,813,500
Funds to be set aside - Investment Earnings	156,931	98,439	82,562
Funds to be used	(4,028,274)	(6,468,107)	(2,270,618)
Closing Balance	11,369,518	6,712,189	3,124,212
Information Technology Reserve			
<i>To be used to fund the acquisition and replacement of computer software and information technology hardware.</i>			
Opening Balance	2,487,163	2,008,958	2,501,693
Funds to be set aside	724,295	724,295	715,000
Funds to be set aside - Investment Earnings	54,316	50,228	65,727
Funds to be used	(736,418)	(739,900)	(795,257)
Closing Balance	2,529,357	2,043,581	2,487,163
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	32,809,757	33,148,077	29,403,262
Funds to be set aside	13,801,600	13,707,611	12,628,369
Funds to be set aside - Investment Earnings	770,244	777,884	867,047
Funds to be used	(9,053,553)	(18,021,461)	(10,088,921)
Closing Balance	38,328,048	29,612,111	32,809,757

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 18: RESERVES - CASH BACKED

	2019-2020 Actual \$	2019-2020 Budget \$	2018-2019 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	35,590,075	36,129,619	35,275,560
Funds to be set aside	2,930,364	2,205,041	2,198,506
Funds to be set aside - Investment Earnings	807,566	643,220	940,521
Funds to be used	(333,287)	(23,212,023)	(2,824,512)
Closing Balance	38,994,718	15,765,857	35,590,075
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	2,738,208	2,293,563	2,665,847
Funds to be set aside	-	-	-
Funds to be set aside - Investment Earnings	59,945	57,567	72,361
Funds to be used	-	-	-
Closing Balance	2,798,153	2,351,130	2,738,208
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	110,846	5,992	57,071
Funds to be set aside	101,300	101,300	193,120
Funds to be set aside - Investment Earnings	3,236	493	2,929
Funds to be used	(27,342)	(74,000)	(142,274)
Closing Balance	188,040	33,785	110,846
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	1,320,726	508,529	1,099,664
Funds to be set aside	250,000	250,000	250,000
Funds to be set aside - Investment Earnings	25,974	15,902	34,902
Funds to be used	(518,522)	-	(63,840)
Closing Balance	1,078,178	774,431	1,320,726

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 18: RESERVES - CASH BACKED

	2019-2020 Actual \$	2019-2020 Budget \$	2018-2019 Actual \$
Parking Facilities Reserve			
<i>To be used to fund the provision, refurbishment or improvement of parking facilities and equipment.</i>			
Opening Balance	370,290	370,006	384,414
Funds to be set aside	65,000	65,000	64,086
Funds to be set aside - Investment Earnings	8,818	10,103	9,785
Funds to be used	-	-	(87,995)
Closing Balance	444,108	445,109	370,290
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	104,645	35,733	35,509
Funds to be set aside	86,415	5,456	66,370
Funds to be set aside - Investment Earnings	3,237	965	2,765
Funds to be used	-	-	-
Closing Balance	194,296	42,154	104,645
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 borrowing.</i>			
Opening Balance	5,019,414	5,009,322	4,313,162
Funds to be set aside	887,467	888,910	871,570
Funds to be set aside - Investment Earnings	117,422	111,188	132,646
Funds to be used	(198,902)	(2,048,041)	(297,964)
Closing Balance	5,825,401	3,961,379	5,019,414
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	10,633,630	10,637,168	7,962,521
Funds to be set aside	4,063,265	1,415,771	4,440,869
Funds to be set aside - Investment Earnings	163,541	184,550	281,010
Funds to be used	(10,389,791)	(8,089,256)	(2,050,771)
Closing Balance	4,470,646	4,148,233	10,633,630

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 18: RESERVES - CASH BACKED

	2019-2020 Actual \$	2019-2020 Budget \$	2018-2019 Actual \$
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	1,663,106	369,080	1,999,495
Funds to be set aside	435,590	435,590	430,000
Funds to be set aside - Investment Earnings	36,961	11,479	43,950
Funds to be used	(385,132)	(259,095)	(810,340)
Closing Balance	1,750,524	557,054	1,663,106
Refuse Bins Reserve			
<i>To be used for the purchase and replacement of domestic refuse and recycling bins or receptacles.</i>			
Opening Balance	1,311,359	1,476,648	2,002,886
Funds to be set aside	384,000	384,000	200,000
Funds to be set aside - Investment Earnings	22,159	23,744	34,655
Funds to be used	(982,287)	(1,445,339)	(926,182)
Closing Balance	735,231	439,053	1,311,359
Refuse Facilities Reserve			
<i>To be used for payments relating to the establishment and operation of waste management facilities, funding associated costs, and the cost of landscaping, environmental and rehabilitation works of former refuse tip sites operated by the City of Melville and for any additional waste collection and disposal costs of waste associated with storm or disaster events.</i>			
Opening Balance	10,591,984	10,340,191	10,182,159
Funds to be set aside	-	-	240,879
Funds to be set aside - Investment Earnings	229,352	256,694	279,909
Funds to be used	(230,895)	(226,794)	(110,964)
Closing Balance	10,590,441	10,370,091	10,591,984
Risk Management 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.</i>			
Opening Balance	6,545,265	6,570,443	6,152,679
Funds to be set aside	461,681	100,000	219,617
Funds to be set aside - Investment Earnings	148,115	166,173	172,968
Funds to be used	(20,757)	-	-
Closing Balance	7,134,304	6,836,616	6,545,265

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 18: RESERVES - CASH BACKED

	2019-2020 Actual \$	2019-2020 Budget \$	2018-2019 Actual \$
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	1,946,288	1,824,690	1,881,963
Funds to be set aside	700,000	700,000	700,000
Funds to be set aside - Investment Earnings	38,908	40,102	51,434
Funds to be used	(1,038,055)	(1,154,000)	(687,109)
Closing Balance	1,647,141	1,410,792	1,946,288
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	2,499,951	1,920,000	1,504,773
Funds to be set aside	1,986,489	-	2,499,951
Funds to be set aside - Investment Earnings	-	-	-
Funds to be used	(2,499,951)	(1,920,000)	(1,504,773)
Closing Balance	1,986,489	-	2,499,951
Summary			
Opening Balance	157,885,446	148,436,970	146,393,416
Funds to be set aside	44,681,032	38,259,227	35,741,986
Funds to be set aside - Investment Earnings	3,486,477	3,100,000	4,106,295
Funds to be used	(37,449,454)	(86,307,333)	(28,356,251)
Closing Balance	168,603,501	103,488,864	157,885,446

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 18(A): REVALUATION SURPLUS

	<i>Closing 30/06/2020</i>	<i>Increment / (Decrement)</i>	<i>** Change in Accounting Policies</i>	<i>Restated Closing 30/06/2019</i>	<i>Increment / (Decrement)</i>	<i>Restated Balance 1/7/2018</i>	<i>* Prior Year Adjustment</i>	<i>Opening 1/07/2018</i>
	\$	\$	\$	\$	\$	\$	\$	\$
Land	230,334,685	-		230,334,685	-	230,334,685		230,334,685
Building	94,721,008	-		94,721,008	-	94,721,008		94,721,008
Land Vested	-	-	(6,250,000)	6,250,000		6,250,000	(2,275,000)	8,525,000
Total Land and Buildings	325,055,693	-	(6,250,000)	331,305,693	-	331,305,693	(2,275,000)	333,580,693
Artworks								
Artworks	2,276,749	-		2,276,749	-	2,276,749		2,276,749
Total Artworks	2,276,749	-		2,276,749	-	2,276,749	-	2,276,749
Plant and Equipment								
Computer Equipment	554,433	-		554,433	161,506	392,927		392,927
Electronic Equipment	127,790	-		127,790	79,591	48,199		48,199
Furniture & Fittings	322,892	-		322,892	89,540	233,352		233,352
Plant & Equipment	23,490,999	-		23,490,999	62,650	23,428,349	5,460,000	17,968,349
Mobile Plant	1,611,729	-		1,611,729	408,282	1,203,447		1,203,447
Total Plant and Equipment	26,107,843	-		26,107,843	801,569	25,306,274	5,460,000	19,846,274
Infrastructure								
Drains	120,015,420	-		120,015,420	67,759,315	52,256,106		52,256,106
Footpaths	37,098,281	-		37,098,281	(13,062,171)	50,160,452		50,160,452
Roads	46,805,867	-		46,805,867	(11,886,421)	58,692,288		58,692,288
Total Infrastructure	203,919,567	-		203,919,567	42,810,723	161,108,845	-	161,108,845
Infrastructure - Other								
Parks	2,472,242	-		2,472,242	-	2,472,242		2,472,242
Irrigation	(579,827)	-		(579,827)	-	(579,827)		(579,827)
Street Furniture	1,493,693	-		1,493,694	-	1,493,694		1,493,694
Total Infrastructure - Other	3,386,108	-		3,386,109	-	3,386,109	-	3,386,109
Share of Revaluation of SMRC Non Current Assets	2,048,404	1,949,571		98,833	(371,372)	470,205		470,205
Local Government House Unit Trust Holding	(55,474)	-		(55,474)	20,503	(75,976)		(75,976)
Total Revaluation Surplus	562,738,890	1,949,571	(6,250,000)	567,039,320	43,261,422	523,777,898	3,185,000	520,592,898

** Refer to Note 31 for Change in Accounting Policies due to Regulatory Changes

* Refer to Note 30

NOTE 19: 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 30 June 2020</i>	<i>Receipts</i>		<i>Payments</i>	<i>Balance 1 July 2019</i>
	\$	\$		\$	\$
Public Open Space (POS)					
Applecross	13,441	-		-	13,441
Melville	19,572	-		-	19,572
	33,013	-		-	33,013

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 20: STATEMENT OF RATING INFORMATION

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

Summary

<i>Current Year Actual 2019-2020</i>	<i>Rate Assessments</i>		<i>Rateable Value</i>		<i>Rate Yield</i>		<i>Average Rate</i>
	<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>	<i>\$</i>	<i>%</i>	<i>\$</i>
Residential	40,972	95.90%	1,053,855,262	81.03%	70,958,628	79.52%	1,732
Commercial	1,751	4.10%	246,787,584	18.97%	18,270,787	20.48%	10,434
	42,723	100.00%	1,300,642,846	100.00%	89,229,415	100.00%	

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 20: STATEMENT OF RATING INFORMATION

<i>Current Year Budget 2019-2020</i>	<i>Number of Properties</i>	<i>Rateable value \$</i>	<i>Rate in \$ (cents)</i>	<i>Rate Revenue \$</i>	<i>Interim Rates \$</i>	<i>Back Rates \$</i>	<i>Total Revenue \$</i>
GENERAL RATE							
General Rate GRV							
Residential - Improved	29,419	856,201,075	6.507805	55,719,741	180,749		55,900,490
Residential - Unimproved	833	20,149,185	7.330606	1,477,053	18,363		1,495,416
	30,252	876,350,260		57,196,795	199,112	-	57,395,907
Commercial - Improved	1,485	242,866,235	7.358007	17,870,106	68,053		17,938,159
Commercial - Unimproved	26	1,613,587	7.358007	118,728	5,022		123,750
Strata Storage Units	-	-	7.358007	-	-		-
	1,511	244,479,822		17,988,833	73,075	-	18,061,908
Sub Total General Rate	31,763	1,120,830,082		75,185,627	272,187	-	75,457,814
MINIMUM RATE							
Minimum Rate							
Residential - Improved	10,372	171,367,042	1,283.43	13,311,736	19,251		13,330,987
Residential - Unimproved	226	2,046,650	818.63	185,010	1,637		186,647
	10,598	173,413,692		13,496,746	20,888	-	13,517,634
Commercial - Improved	176	1,538,368	995.61	175,227	11,947		187,174
Commercial - Unimproved	5	49,847	995.61	4,978	4,978		9,956
Strata Storage Units	57	108,007	995.61	56,750	-		56,750
	238	1,696,222		236,955	16,925	-	253,880
Sub Total Minimum Rate	10,836	175,109,914		13,733,702	37,813	-	13,771,515
Amount Raised from Rates				88,919,329	310,000	-	89,229,329
Storage Unit Concession				(28,373)			(28,373)
Total Amount Raised from Rates				88,890,956	310,000	-	89,200,956
Plus:							
Instalment Administration Fee							198,500
Instalment Interest							295,000
Late Payment Interest							400,000
GRAND TOTAL	42,599	1,295,939,996		88,890,956	310,000	-	90,094,456

Summary

<i>Current Year Budget 2019-2020</i>	<i>Rate Assessments</i>		<i>Rateable Value</i>		<i>Rate Yield</i>		<i>Average Rate</i>
	<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>	<i>\$</i>	<i>%</i>	<i>\$</i>
Residential	40,850	96%	1,049,763,952	81%	70,693,541	79%	1,731
Commercial	1,749	4%	246,176,044	19%	18,225,789	21%	10,421
	42,599	100%	1,295,939,996	100%	88,919,330	100%	

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 20: STATEMENT OF RATING INFORMATION

<i>Prior Year Actual 2018-2019</i>	<i>Number of Properties</i>	<i>Rateable value \$</i>	<i>Rate in \$ (cents)</i>	<i>Rate Revenue \$</i>	<i>Interim Rates \$</i>	<i>Back Rates \$</i>	<i>Total Revenue \$</i>
GENERAL RATE							
General Rate GRV							
Residential - Improved	29,209	846,967,887	6.436998	54,554,824	539,054	(37,930)	55,055,948
Residential - Unimproved	816	20,037,380	7.250847	1,452,880	68,551	3,115	1,524,545
	30,025	867,005,267		56,007,704	607,605	(34,815)	56,580,494
Commercial - Improved	1,496	241,029,175	7.277950	17,541,983	141,343	11,986	17,695,313
Commercial - Unimproved	22	1,948,287	7.277950	141,795	(15,016)	(10,092)	116,687
Strata Storage Units	2	14,040	7.277950	1,022	-	-	1,022
	1,520	242,991,502		17,684,800	126,327	1,894	17,813,021
Sub Total General Rate	31,545	1,109,996,769		73,692,504	733,932	(32,921)	74,393,515
MINIMUM RATE							
Minimum Rate							
Residential - Improved	10,392	171,754,192	1,269.47	13,192,332			13,192,332
Residential - Unimproved	168	1,471,805	809.72	136,033			136,033
	10,560	173,225,997		13,328,365	-	-	13,328,365
Commercial - Improved	176	1,538,368	984.78	173,321			173,321
Commercial - Unimproved	2	13,547	984.78	1,970			1,970
Strata Storage Units	55	93,967	984.78	54,163			54,163
	233	1,645,882		229,454	-	-	229,454
Sub Total Minimum Rate	10,793	174,871,879		13,557,819	-	-	13,557,819
Amount Raised from Rates				87,250,323	733,932	(32,921)	87,951,334
Storage Unit Concession				(27,081)			(27,081)
				87,223,242	733,932	(32,921)	87,924,253
Rates received in advance*							
Reversal of Rates received in advance 2017-2018							(1,100,281)
Rates received in advance in 2018-2019*							1,037,948
Total Amount Raised from Rates							87,861,920
Plus:							
Instalment Administration Fee							198,070
Instalment Interest							284,804
Late Payment Interest							467,171
GRAND TOTAL	42,338	1,284,868,648		87,223,242	733,932	(32,921)	88,811,965
Summary							
<i>Prior Year Actual 2018-2019</i>	<i>Rate Assessments</i>		<i>Rateable Value</i>		<i>Rate Yield</i>		<i>Average Rate</i>
	#	%	\$	%	\$	%	\$
Residential	40,585	95.86%	1,018,722,079	80.64%	69,300,550	79.46%	1,708
Commercial	1,753	4.32%	244,637,384	19.36%	17,914,255	20.54%	10,219
	42,338	100%	1,263,359,463	100%	87,214,805	100%	

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1004, paragraph 30.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 20: STATEMENT OF RATING INFORMATION

DIFFERENTIAL RATING

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

The *Valuation of Land Act 1978* stipulates that for unimproved land the method by which the Gross Rental Value is calculated is to be 3% of the unimproved value of the land. When applied to residential land this results in the revenue generated from unimproved residential land being substantially less than if the same vacant land was improved to 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.

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

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

(a) Discounts

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

(b) Early Payment Incentive

Ratepayers who paid their rates in full by the early payment date of 14 August 2019 were automatically eligible to go into the draw to win one of three major sponsored prizes. Major prizes for 2019-2020 are sponsored by various organisations as listed below:

Major Prize: Three (3) \$1,000 Bonus Saver Accounts from Westpac Bank

Major Prize: Four (4) Healthy Life Plus Memberships from Leisurefit, valued at \$5,912

Those who signed up for email rates or registered for Bpay View by 28 August 2019 were automatically eligible to win one of the prizes sponsored by various organisations listed below:

Prizes offered as early payment incentives

Minor Prize - \$500 Garden City Shopping Centre

Minor Prize - \$500 Le Beau Day Spa gift voucher

Minor Prize - \$500 Coles/Myer voucher from Arcadia Waters Bicton

Minor Prize - 5 x \$100 Raffles Hotel vouchers

Minor Prize - 6 x Family passes to Cockburn Ice Arena

Minor Prize - 2 x Double-passes (A-reserve) to a West Australian Symphony Orchestra concert

(c) Concessions

A concession was granted to strata titled storage units of 18m² or smaller, whereby the minimum rate charged was \$497.80. The value of this concession was \$28,376. This concession was granted due to the size and Gross Rental Value of the storage units. A 100% concession from General Rates was granted to the Melville Glades Golf Club. The value of this concession was \$10,575. The City grants 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 2020**

NOTE 22: INFORMATION ABOUT INTEREST PAYMENTS AND ADDITIONAL CHARGES

	<i>Interest Rate %</i>	<i>2019-2020 Actual \$</i>	<i>2019-2020 Budget \$</i>	<i>2018-2019 Actual \$</i>
Late Payment Interest	8	421,688	400,000	467,171
Instalment Interest	4	308,901	295,000	284,804
Instalment Administration Fee		220,722	198,500	198,070

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 2019 to qualify for the early payment

Option 2 - Full amount of the rate notice payable by 28 August 2019.

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

1st Instalment	Due	28 August 2019
2nd Instalment	Due	30 October 2019
3rd Instalment	Due	3 January 2020
4th Instalment	Due	6 March 2020

All penalty interest charges on outstanding rates to the City have been frozen from 1 March to 30 June 2020 due to impact of COVID-19. The City has incurred an approximate loss of \$135,000 during this period.

NOTE 23: LEASING COMMITMENTS

There are no leasing/capital commitments in the years 2019-2020 and 2018-2019.

NOTE 24: CONTINGENT LIABILITIES

Workers' Compensation Premium

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

	<i>2019-2020 Actual \$</i>	<i>2018-2019 Actual \$</i>
Contingent Liability For Additional Workers' Compensation	6,464,656	5,678,136

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 25: INVESTMENT IN ASSOCIATES AND JOINT ARRANGEMENTS

NOTE 25(A): INVESTMENT IN ASSOCIATES

Share in South Metropolitan Regional Council (SMRC)

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

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

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

There are two core projects being:

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

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

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

Existing Undertakings

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

The City's share as on 30 June 2020:

SMRC Existing Undertakings Proportional Equity Share: **60.71%**

Regional Resource Recovery Centre (RRRC) Project

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 25: INVESTMENT IN ASSOCIATES AND JOINT ARRANGEMENTS

The City's share as on 30 June 2020:

RRRC Project Proportional Equity Share: **73.99%**

RRRC - Lending Facility

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

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

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

As at 30 June 2020, the balance outstanding against the lending facility stood at:	\$ 9,913,250
With the City's share of this liability being:	\$ 3,998,014
Using the current cost/profit sharing percentage of:	40.33%

Office Accommodation Project

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

The City's share as on 30 June 2020:

Office Accommodation Project Proportional Equity Share: **59.70%**

Office Accommodation Project

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

As at 30 June 2020, the balance outstanding against the lending facility stood at:	\$ 1,800,000
With the City's share of this liability being:	\$ 996,480
Using the current cost/profit sharing percentage of:	55.36%

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 25: INVESTMENT IN ASSOCIATES AND JOINT ARRANGEMENTS

	Note	2019-2020 Actual \$	2018-2019 Actual \$
Net Assets	8	16,188,265	13,142,717
Less: Share of SMRC Loan Liability	17	(4,994,494)	(5,942,031)
Share in the net assets of the SMRC (excluding equity)		11,193,771	7,200,686
Equity Ratios			
SMRC Existing Undertakings Proportional Equity Share:		60.71%	40.06%
Office Accommodation Project Proportional Equity Share:		59.70%	38.95%
RRRC Project Proportional Equity Share:		73.99%	74.07%
Represented by Share of Investment in Associates Entity's Financial Position:			
Current Assets		10,596,124	11,319,728
Non Current Assets		19,359,531	8,827,670
Total Assets		29,955,655	20,147,398
Current Liabilities		4,301,314	4,312,059
Non Current Liabilities		9,466,076	2,692,622
Total Liabilities		13,767,390	7,004,681
Net Assets	8	16,188,265	13,142,717
Statement of Comprehensive Income			
Share of Profit/(Loss) of Associate Accounted For Using The Equity Method		1,095,976	(694,705)
Other Comprehensive Income			
Share of Profit/(Loss) of Revaluation of SMRC Assets Using The Equity Method		1,949,571	(371,373)
Net Increase / (Decrease) in Equity - SMRC Investment in Associates		3,045,547	(1,066,078)
Borrowings			
Share of SMRC Loan Liability			
Current		2,320,941	1,289,048
Non-current		2,673,553	4,652,983
		4,994,494	5,942,031
Share of SMRC Loan Liability by Project			
Regional Resource Recovery Centre (RRRC) Project		40.33%	40.62%
Office Accommodation Project		55.36%	34.79%
Current			
Regional Resource Recovery Centre (RRRC) Project		1,324,461	1,289,048
Office Accommodation Project		996,480	-
		2,320,941	1,289,048
Non-current			
Regional Resource Recovery Centre (RRRC) Project		2,673,553	4,026,763
Office Accommodation Project		-	626,220
		2,673,553	4,652,983

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 25: INVESTMENT IN ASSOCIATES AND JOINT ARRANGEMENTS

SIGNIFICANT ACCOUNTING POLICIES

INVESTMENT IN ASSOCIATES

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

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

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

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

NOTE 25(B): JOINT ARRANGEMENTS

Share in Carawatha Redevelopment Project

	Note	2019-2020 Actual \$
Opening Share In Equity		6,500,000
Share In Profit/(Loss) In Net Results		(146,464)
Total	8	6,353,536
Equity Ratio		50.00%

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 25: INVESTMENT IN ASSOCIATES AND JOINT ARRANGEMENTS

SIGNIFICANT ACCOUNTING POLICIES

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 26: RELATED PARTY TRANSACTIONS

Elected Members Remuneration

	2019-2020 Actual \$	2019-2020 Budget \$	2018-2019 Actual \$
Sitting Fees - Mayor	47,516	47,516	47,046
Sitting Fees - Councillors	380,136	380,136	351,742
Conference and Training	12,850	94,999	34,999
Allowance - Mayor	89,753	89,753	88,863
Allowance - Deputy Mayor	22,438	22,438	48,667
Allowance - Councillors	53,483	88,248	55,097
	606,175	723,090	626,415

Key Management Personnel (KMP) Compensation Disclosure

	2019-2020 Actual \$	2018-2019 Actual \$
The total of remuneration paid to KMP of the City during the year are as follows:		
Short-term employee benefits	1,679,559	1,487,459
Post-employment benefits	190,614	179,778
Other long-term benefits	27,089	87,772
	1,897,263	1,755,009

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Related Parties

The City's main related parties are as follows:

i. Key management personnel

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 26: 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 60.71% interest in the South Metropolitan Regional Council (SMRC) and 50% in the Carawatha Redevelopment Project. The interest in the joint venture entities are accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities, refer to Note 25.

Transactions with related parties

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

The following transactions occurred with related parties:

	2019-2020 Actual \$	2018-2019 Actual \$
Associated companies/individuals:		
Sale of goods and services	25,417	26,000
Purchase of goods and services	-	30,340

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

NOTE 27: MAJOR LAND TRANSACTIONS

There are no major land transactions in the year 2019-2020.

Melville City Centre Land Exchange, Booragoon

A Structure Plan has been prepared and approved for the Melville City Centre. The plan responds to a proposal by the owners of the Garden City Shopping centre to expand the existing centre. The Structure Plan requires the creation of a vibrant "High Street" generally in the area between the shopping centre and the City of Melville Administration Centre. Achievement of the High Street would be enhanced through an adjustment of the boundary between the City's land and the shopping centre site. A conditional "like for like" land swap has been agreed between the City and AMP Capital to achieve a rationalisation of this boundary. Details of the land exchange agreement and its conditions are expected to be finalised through 2018-2019 as AMP Capital have commenced the first stage of their Garden City Shopping Centre redevelopment works in late 2017 with the bulk of the redevelopment works expected to commence in 2019 subject to an announcement by AMP Capital. Redevelopment options for the construction of the High Street and land swap are likely to also impact on the City's existing Civic Square Library. In these circumstances, the Melville City Centre Structure Plan requires the owners of Garden City Shopping Centre (AMP Capital) to contribute to a new library. AMP Capital has agreed, within the development agreement, to make a contribution towards the construction cost of the new Civic Library and Cultural Centre. The balance of the cost is to be funded from the City's Land and Property Reserve Fund as a fixed period loan fully repayable to the Fund over equal semi-annual instalments including principal interest.

Late in 2019, AMP Capital announced it had sold 50% of its interest in Garden City Shopping Centre to Scentre Group (Westfield) including management and development rights. AMP Capital and Scentre Group confirmed that the existing Development Agreement and Land Exchange Agreement between the City of Melville and AMP Capital Funds Management was not part of the purchase and no assignment of agreements occurred. The City of Melville's agreements with AMP Capital Management are still current and are due to expire in July 2020 when the Sunset Date lapses. As a result the agreements will come to an end.

Carawatha "Gallery" Residential Development Project, Willagee

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

The project received subdivision approval from the Western Australian Planning Commission in March 2019. Satterley Property Group commenced the civil subdivision works in August 2019 with Practical Completion in March 2020. New Titles were issued for all the subdivided lots in May 2020 and these Titles remain in the name of the City of Melville (Owner) until sold or redeveloped and sold. The project includes Townhouse and Apartment construction and expected to commence the Townhouse and first stage of apartment construction in late 2020 early 2021 subject to planning approvals and market conditions. The project is expected to be completed by 2026.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 27: MAJOR LAND TRANSACTIONS

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

Council approved the ground lease redevelopment proposal by Hall & Prior Aged Care Group in December 2018. Draft ground lease development agreements are being finalised and will be presented to Council in late 2019 or early 2020 for consideration and approval. Site handover is planned for February 2021 with redevelopment of the site into a \$50M+ integrated aged care and community facility to start shortly after subject to JDAP development approval. The construction is expected to take 2 years with the ground lease income stream to commence flowing to the City at that time. The ground lease term including options is up to 90 years. The commencing annual lease value is \$350,000 p.a. resulting in a total present value of \$11.528 Million or cumulative notional ground lease value excluding market reviews of \$112 Million. A report to Council in June 2020 will seek approval for the City of Melville to execute the Agreement For Lease (AFL) and Ground Lease Agreement (GLA) with Melville, Aged and Community (WA) Pty Ltd subsidiary of Hall & Prior Aged Care Group.

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

In accordance with previous Council decision and directive aligned with the land asset strategy the City undertook a detail request for proposal (RFP) campaign in May 2019 to either purchase or ground lease the site from the City. Submissions were assessed and a qualified proponent was selected as preferred proponent to ground lease and redevelop the site for aged care. Due diligence and negotiations with the preferred proponent have been completed. Council approved the advertising of the Major Land Transaction in accordance with Section 3.59 of the LGA 1995 in April 2020. Completion of public advertising of the proposal submissions received will be collated and a report to Council prepared to consider formal approval of the proposal in September 2020.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 28: FINANCIAL RISK MANAGEMENT

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

Risk	Exposure Arising From	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables and financial assets	Aging analysis Credit analysis	Diversification of bank deposits, credit limits, investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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

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

(a) Interest Rate Risk

Cash and Cash Equivalents

The City's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the City to cash flow interest rate risk.

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non interest Bearing \$
2020					
Cash And Cash Equivalents	1.01%	179,275,996	172,369,681	6,899,964	6,350
- Term Deposits	1.41%	172,369,681	172,369,681	-	-
2019					
Cash and cash equivalents	2.39%	170,776,611	167,866,141	2,902,520	7,950
- Term Deposits	2.46%	167,866,141	167,866,141	-	-

Sensitivity

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

	2020 \$	2019 \$
Impact of a 1% movement in interest rates on profit and loss and equity*	1,792,760	1,707,766

**Holding all other variables constant*

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 28: FINANCIAL RISK MANAGEMENT

(b) Credit Risk

Trade Receivables

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

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

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

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

The expected loss from rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss from rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment of rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. Re-negotiation of repayment terms is expected due to the COVID-19 pandemic.

The loss allowance as at 30 June 2020 for rates receivable was determined as follows and takes into account the waiver of penalty interest due to the impact of COVID-19.

	Current	More than 1 year past due	More than 2 year past due	More than 3 year past due	Total
30 June 2020					
Rates Receivable					
Expected Credit Loss	0.00%	0.00%	0.00%	0.00%	
Gross Carrying Amount	6,912,476	-	-	-	6,912,476
Loss Allowance	-	-	-	-	-
30 June 2019					
Rates Receivable					
Expected Credit Loss	0.00%	0.00%	0.00%	0.00%	
Gross Carrying Amount	5,024,914	-	-	-	5,024,914
Loss Allowance	-	-	-	-	-

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Sundry Receivable					
Expected Credit Loss	0.00%	0.00%	0.00%	42.26%	27.40%
Gross Carrying Amount	29,599	161,618	255,261	823,088	1,269,566
Loss Allowance	-	-	-	347,831	347,831
1 July 2019					
Sundry Receivable					
Expected Credit Loss	0.00%	0.00%	0.00%	55.26%	34.93%
Gross Carrying Amount	104,924	57,920	13,133	302,387	478,364
Loss Allowance	-	-	-	167,109	167,109

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 28: FINANCIAL RISK MANAGEMENT

Contract Assets

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

(c) Liquidity Risk

Payables, Borrowings and Other Financial Liability

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

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

	<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>2020</u>					
Payables	15,232,306	453,903		15,686,209	15,686,209
Borrowings and Other Financial Liability	2,716,107	3,597,211	722,831	7,036,149	7,036,149
Contract Liabilities	1,326,969			1,326,969	1,326,969
	19,275,382	4,051,114	722,831	24,049,327	24,049,327
<u>2019</u>					
Payables	11,904,639	293,873	-	12,198,512	12,198,512
Borrowings and Other Financial Liability	1,683,475	5,916,274	816,903	8,416,652	8,025,055
	13,588,114	6,210,147	816,903	20,615,164	20,223,567

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 29: INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

The City adopted AASB 15 *Revenue from Contracts with Customers* (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the City will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments are expected to be made to the amounts recognised in the Balance Sheet at the date of initial application (1 July 2019):

	Note	AASB 118 Carrying Amount 30 June 2019 \$	Reclassification \$	AASB 15 Carrying Amount 01 July 2019 \$
Contract Assets - Current				
Synthetic Playing Surface	10	-	562,500	562,500
Contract Liabilities - Current				
Membership Fees - Leisure Fit Booragagoon		-	(464,666)	(464,666)
Unspent Grants, Contributions and Reimbursements		-	(1,114,109)	(1,114,109)
Adjustment to Retained Surplus from adoption of AASB 15	29(d)	-	(1,016,275)	(1,016,275)

The contract liabilities relate to grants transactions and membership fees with performance obligations received in advance for which revenue is recognised over time as the performance obligations are met.

(b) AASB 1058: Income For Not-For-Profit Entities

The City adopted AASB 1058 *Income for Not-for-Profit* (issued December 2016) on 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions AASB 1058, the City adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods was not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019, changes occurred to the following financial statement line items by application of AASB 1058 as compared to AASB 1004 Contributions before the change:

	Note	AASB 1004 Carrying Amount 30 June 2019 \$	Reclassification \$	AASB 1058 Carrying Amount 01 July 2019 \$
Trade and Other Payables				
Prepaid Rates		-	(1,037,948)	(1,037,948)
Adjustment to Retained Surplus from adoption of AASB 1058	29(d)		(1,037,948)	(1,037,948)

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates were recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the City. When the taxable event occurs the financial liability is extinguished and the City recognises income for the prepaid rates that have not been refunded.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 29: INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the City to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

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

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 118 and 1004 and related interpretations that were in effect before the change.

		2020 \$		2020 \$
	Note	As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004
Statement of Comprehensive Income				
Revenue				
Rates	20	90,792,911	(954,355)	89,838,556
Operating Grants, Subsidies and Contributions	2(a)	4,811,165	(432,473)	4,378,692
Fees and Charges	2(b)	14,782,651	165,009	14,947,660
Non-Operating Grants, Subsidies and Contributions	2(a)	2,405,809	15,658	2,421,467
Net Result		10,614,508	(1,206,161)	9,408,347
Statement of Financial Position				
Contract Assets	10	562,500	(562,500)	-
Trade and Other Payables	12	15,686,209	(13,697)	15,672,512
Contract Liabilities	13	1,326,969	(1,326,969)	-
Net Assets		1,048,694,921	(1,206,161)	1,047,488,760
Statement of Changes in Equity				
Net Result		10,614,508	(1,206,161)	9,408,347
Retained Surplus		317,352,530	(1,206,161)	316,146,369

Refer to note 2(a) for new revenue accounting policies as a result of application of AASB 15 and AASB 1058.

(c) Leases

The City adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the City has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB 16 recognised on 1 July 2019.

The City does not have any lease liability from 1 July 2019.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 29: INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

(d) Impact of New Accounting Standards on Retained Surplus

The impact on the City's retained surplus due to the adoption of AASB 15, AASB 1058 and AASB 16 as at 1 July 2019 was as follows:

	Note	Adjustments \$	2019 \$
Retained Surplus - 30 June 2019			324,160,300
Prior Year Adjustment			(4,650,000)
Restated Retained Surplus - 30 June 2019			319,510,300
Adjustment to Retained Surplus from adoption of AASB 15	29(a)	(1,016,275)	
Adjustment to Retained Surplus from adoption of AASB 16	29(c)	-	-
Adjustment to Retained Surplus from adoption of AASB 1058	29(b)	(1,037,948)	(2,054,223)
Retained Surplus - 30 June 2019			317,456,077

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 30: PRIOR PERIOD RESTATEMENTS

In order to comply with accounting standards, the Local Government Act and the City's accounting policies, the City made the following prior period adjustments during the year:

- (i) recognition of a provision in relation to rehabilitation and remediation of the John Connell Reserve, a previous Landfill site. The associated amounts were previously recognised as a reserve in equity.
- (ii) recognition of site improvements and related depreciation for certain Vested Crown reserve sites. These improvements had previously not been recognised in the City's financial statements.
- (iii) Reclassification of site improvement assets previously incorrectly recognised as vested land rather than site improvements. The associated depreciation was also adjusted for.

In accordance with AASB 108, the effect of the adjustments have been recognised in the opening balance for the comparative period being 1 July 2018 (to the extent to which they relate to financial year 30 June 2018 and before). The net impact of these adjustments is shown below:

	30 June 2018 - Comparative year opening balances		
	As previously stated	Restatement	As restated
	\$	\$	\$
Statement of financial position (extract)			
Property, plant and equipment	411,535,457	3,185,000	414,720,457
Crown land	8,525,000	(2,275,000)	6,250,000
Site improvements	1,380	5,460,000	5,461,380
Total assets	1,013,810,955	3,185,000	1,016,995,955
Non-Current liabilities	9,107,993	4,213,000	13,320,993
Provision for rehabilitation	-	4,213,000	4,213,000
Total Liabilities	25,031,207	4,213,000	29,244,207
Net assets	988,779,749	(1,028,000)	987,751,749
Equity			
Retained earnings	321,793,435	(4,213,000)	317,580,435
Revaluation surplus	520,592,898	3,185,000	523,777,898
Refuse facilities reserve	10,812,159	-	10,812,159
Total equity	988,779,749	(1,028,000)	987,751,749

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 30: PRIOR PERIOD RESTATEMENTS

	<i>30 June 2019 - Comparative year</i>		
	<i>As previously stated</i>	<i>Restatement</i>	<i>As restated</i>
	\$	\$	\$
Statement of profit or loss and other comprehensive income (extract):			
Depreciation expense	20,204,637	437,000	20,641,637
Surplus for the year	13,858,897	(437,000)	13,421,897
Total comprehensive income for the year	57,120,319	(437,000)	56,683,319
Statement of financial position (extract):			
Property, plant and equipment	408,363,598	2,748,000	411,111,598
Crown land	8,525,000	(2,275,000)	6,250,000
Site improvements	-	5,023,000	5,023,000
Total assets	1,074,327,754	2,748,000	1,077,075,754
Non-Current liabilities	7,420,173	4,213,000	11,633,173
Provision for rehabilitation	-	4,213,000	4,213,000
Total Liabilities	28,427,688	4,213,000	32,640,688
Equity			
Retained earnings	324,160,300	(4,650,000)	319,510,300
Revaluation surplus	563,854,320	3,185,000	567,039,320
Refuse facilities reserve	10,591,984	-	10,591,984
Total equity	1,045,900,066	(1,465,000)	1,044,435,066

The Entity notes that this change has no impact on the statement of cashflows for the year ended 30 June 2019.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 31: CHANGES IN ACCOUNTING POLICIES DUE TO REGULATORY CHANGES

Effective 6 November 2020, Local Government (Financial Management) Regulation 16 was deleted and Local Government (Financial Management) Regulation 17A was amended with retrospective application. The changes were effective for financial years ending on or after 30 June 2020 so are required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

In accordance with the changes, the City was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16.

In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

	Carrying Amount 30 June 2019 \$	Reclassification \$	Carrying Amount 1 July 2019 \$
Property, Plant and Equipment	411,111,598	(6,250,000)	404,861,598
Revaluation Surplus	567,039,320	(6,250,000)	560,789,320

Also, following changes to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously or during the year were not reversed as it was deemed fair value approximates cost at the date of the change.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 32: OTHER SIGNIFICANT ACCOUNTING POLICIES

Goods and Services Tax (GST)

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

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

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

Current and Non-Current Classification

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

Rounding Off Figures

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

Comparative Figures

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

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

Budget Comparative Figures

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

Superannuation

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

Fair Value of Assets and Liabilities

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 32: OTHER SIGNIFICANT ACCOUNTING POLICIES

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurement based on unobservable inputs for the asset or liability.

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

Valuation Techniques

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

Market Approach

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

Income Approach

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

Cost Approach

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 32: OTHER SIGNIFICANT ACCOUNTING POLICIES

Impairment of Assets

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

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

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

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

Leases

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

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

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

Right-of-use assets - valuation

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

Right-of-use assets - depreciation

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 33: EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

Events that occur between the end of the reporting period (30 June 2020) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements. The date of receipt of the Auditors' Report is the applicable "authorised for issue" date relating to these General Purpose Financial Statements.

Events that occur after the Reporting Period represent one of two types.

(i) Events that provide evidence of conditions that existed at the Reporting Period

These financial statements (and the figures there in) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2020.

(ii) Events that provide evidence of conditions that arose after the Reporting Period

There has not been any material or significant "non-adjusting events" that should be disclosed. These financial statements (and figures there in) do not incorporate any "non-adjusting events" that have occurred after 30 June 2020 and which are only indicative of conditions that arose after 30 June 2020.

There has not been any material or significant "non-adjusting events" that should be disclosed.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 34: PROGRAM / SUB-PROGRAM

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

Program Titles	Sub-Program
Governance - 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 2020**

NOTE 35: FINANCIAL RATIOS

	2019-2020	2018-2019	2017-2018
Current Ratio	1.10	1.30	1.42
Asset Consumption Ratio	0.51	0.52	0.56
Asset Renewal Funding Ratio	1.00	1.00	1.00
Asset Sustainability Ratio	1.00	1.26	1.35
Debt Service Cover Ratio	65.61	66.96	77.93
Operating Surplus Ratio	0.06	0.09	0.18
Own Source Revenue Coverage Ratio	1.02	1.05	1.17

Current Ratio

Measures the short term (unrestricted) liquidity.

Ratio	Target	Actual	Comments
Dept. of Local Government Advanced Benchmark	1.0 Higher is better	1.10	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

\$196.183 - \$168.604 = \$27.58 million

\$27.91 - \$2.80 = \$25.11 million

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 35: FINANCIAL RATIOS

Asset Consumption Ratio

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

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

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

\$ 542,394 million
\$1,057.58 million

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

Asset Renewal Funding Ratio

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

Ratio	Target	Actual	Comments
Dept. of Local Government Advanced Benchmark	0.95 Higher is better	1.00	The City is investing in asset renewal that 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

\$177.18 million
\$177.18 million

[Numbers taken from the Long Term Financial Plan]

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 35: FINANCIAL RATIOS

Asset Sustainability Ratio

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

Ratio	Target	Actual	Comments
Dept. of Local Government Advanced Benchmark	1.1 Higher is better	1.00	The City is in between providing sufficient sustained capital investment and not providing enough. It is almost an "early warning" stage. The City will need to try and improve its level of renewal/replacement if it hopes to maintain the level of service potential of its capital infrastructure.

Capital renewal and replacement expenditure

Depreciation Expense

\$22.145 million

\$22.245 million

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

Debt Service Cover Ratio

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

Ratio	Target	Actual	Comments
Dept. of Local Government Advanced Benchmark	5.0 Higher is better	65.61	The City has the ability to pay for its debts when they are due.

Annual Operating Surplus before interest and depreciation

Principal and Interest

$\$123.92 - \$116.66 + \$0.127 + \$22.24 = \$29.63$ million

$\$0.324 + \$0.127 = \$0.451$ million

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 35: FINANCIAL RATIOS

Operating Surplus Ratio

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

Ratio	Target	Actual	Comments
Dept. of Local Government Advanced Benchmark	0.15 Higher is better	0.06	The City is below the target for operating surplus ratio where it is in danger of slipping into a level where it will have difficulty maintaining both operational costs and asset capital funding.

Operating Revenue minus Operating Expense
Own Source Operating Revenue

\$123.92 - \$116.22 = \$7.696 million
\$119.10 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	1.02	The City has the ability to cover its own operating expenses from its own source revenue.

Own Source Operating Revenue
Operating Expense

\$123.91 - \$4.81 = \$119.10 million
\$115.45 + \$1.21 = \$116.66 million

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