





# INDEPENDENT AUDITOR'S REPORT 2021 City of Melville

To the Councillors of the City of Melville

# Report on the audit of the annual financial report

## **Opinion**

I have audited the financial report of the City of Melville (City) which comprises:

- the Statement of Financial Position at 30 June 2021, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows, Rate Setting Statement by Nature or Type and Rate Setting Statement by Program for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

In my opinion the financial report of the City of Melville:

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2021 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 section below. I am independent of the City in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the 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.

# 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 financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the 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

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors\_responsibilities/ar4.pdf.

# 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 financial report were supported by verifiable information and reasonable assumptions.

#### Other information

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

My opinion does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

## Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the City of Melville for the year ended 30 June 2021 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 financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

Caroline Spencer

Auditor General for Western Australia

Perth, Western Australia

9 December 2021

#### CITY OF MELVILLE

#### FINANCIAL REPORT

# FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021

#### **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 2021 are based on proper accounts and records to present fairly the financial position of the City of Melville as at 30 June 2021 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 8th day of December 2021

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**Marten Tieleman** 

**CHIEF EXECUTIVE OFFICER** 





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# Our Vision:

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

Principal Place of Business: 10 Almondbury Road BOORAGOON WA 6154



# Notes to and forming part of the Financial Report:

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

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

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





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

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



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

	Note	2020-2021 Actual \$	2020-2021 Budget \$	2019-2020 Actual \$
Non-Operating Grants, Subsidies and				
Contributions	2(a)	3,868,138	2,703,751	2,405,809
Profit/(Loss) On Asset Disposals	15(c)	(16,354)	3,249	(1,208,224)
Revaluation Of Investment Properties Share of Net Profit/(Loss) of Equity	16	103,263	-	-
Accounted Investment In Associates	25(a)	4,175,162	-	1,095,976
Share of Net Profit/(Loss) of Equity Accounted Joint Arrangements	25(b)	879,115	-	(146,464)
	8 10 10 10 10 10 10 10 10 10 10 10 10 10	9,009,324	2,707,000	2,147,097
Net Result For The Year		9,334,156	(5,076,624)	10,614,508
Other Comprehensive Income Items that will not be reclasssfied subsequently to profit or loss Changes On Revaluation Of Non-Current				
Assets	18(a)	10,113,383	-	-
Revaluation Of Local Government House Unit Trust Holding Share In Investment in Associate on	18(a)	9,346	-	-
Revaluation Of Non Current Assets	18(a)	142,038	-	1,949,571
Total Other Comprehensive Income		10,264,767		1,949,571
Total Comprehensive Income For The Yea	r	19,598,923	(5,076,624)	12,564,079

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



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

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





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

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

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



# STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020-2021 Actual \$	2020-2021 Budget \$	2019-2020 Actual \$
Cash Flows from Operating Activities				
Receipts				
Rates		84,113,788	80,655,524	85,602,870
Fees and Charges		16,248,184	15,562,818	14,172,170
Service Charges		1,941,262	2,031,024	5,719,697
Interest Received		1,881,395	1,792,541	4,456,949
Operating Grants, Subsidies and Contributions		5,193,364	4,284,884	4,811,165
Goods and Services Tax Received		6,668,303	350,000	5,409,709
Other Revenue		6,015,941	741,472	3,102,550
		122,062,237	105,418,263	123,275,110
Payments		, , , , , , , , , , , , , , , , , , , ,	,,	1_0,_1 0,110
Employee Costs		(49,275,488)	(48,395,817)	(47,806,216)
Materials and Contracts		(29,840,735)	(31,699,341)	(31,387,590)
Utility Charges		(3,873,074)	(3,902,753)	(3,927,646)
Insurance Paid		(1,079,983)	(1,059,600)	(1,028,851)
Interest Expenses		(108,267)	(102,947)	(127,076)
Goods and Services Tax Paid		(6,420,773)	(350,000)	(5,793,938)
Other Expenditure		(508,031)	(1,431,488)	(5,204,325)
Carlot Experiation		(91,106,351)	(86,941,946)	(95,275,642)
Net Cash Provided By (Used In) Operating Activities	4	30,955,886	18,476,317	27,999,469
Cash Flows from Investing Activities				
Proceeds From Sale Of Property, Plant & Equipment	15(c)	439,406	783,319	220.040
Non-Operating Grants, Subsidies and Contributions	2(a)	3,868,138	2,703,751	320,949 2,405,809
Payments for Purchase of Property, Plant and	15(a) & 16	(13,663,004)	(18,513,163)	(5,738,411)
Equipment Payments for Construction of Infrastructure Assets		(45.040.400)		
· · ·	15(b)	(15,846,499)	(22,095,061)	(9,464,121)
Payments for Work In Progress	15(b)	(3,842,559)		(6,942,688)
Net Cash Provided By (Used In) Investing Activities		(29,044,518)	(37,121,154)	(19,418,462)
Cash Flows from Financing Activities				
Repayment of Self-Supporting Loans	17	(398,612)	(398,613)	(324,523)
Repayment of SMRC Loan		(1,352,449)	-	-
Recoup from Self-Supporting Loans		364,153	278,140	242,900
Net Cash Provided By (Used In) Financing Activities		(1,386,908)	(120,473)	(81,623)
Net Increase / (Decrease) in Cash Held		524,460	(18,765,310)	8,499,384
Cash and Cash Equivalents at Beginning of Year		179,275,995	152,007,617	170,776,611
Cash and Cash Equivalents at the End of Year	3	179,800,455	133,242,307	179,275,995

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



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

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

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

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

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

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

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

	Note	2020-2021 Actual \$	2020-2021 Budget \$	2019-2020 Actual \$
INVESTING ACTIVITIES				
INVESTING ACTIVITIES  Non-Operating Grants, Subsidies And Contributions	2(a)	3,868,138	2,703,751	2,405,809
Proceeds From Disposal Of Assets	15(c)	439,406	783,319	320,949
Purchase Of Property, Plant & Equipment	15(a) & 16	(13,663,004)	(18,513,163)	(5,738,411)
Purchase Of Infrastructure Assets Excluding Work In Progress	15(b)	(15,846,499)	(22,095,061)	(9,464,121)
Movement In Work In Progress	15(b)	(3,842,559)	-	(6,942,688)
Investing Activities Excluded  Non-Cash Amounts Excluded from Investing Activities		-	-	-
Amount Attributable To Investing Activities		(29,044,518)	(37,121,154)	(19,418,462)
FINANCING ACTIVITIES	diministrative			
Repayment of Self-Supporting Loans	17	(398,612)	(398,614)	(324,523)
Repayment of SMRC Loan		(1,352,449)	-	(02.,020)
Recoup from Self-Supporting Loans		364,508	278,140	242,899
Funds To Be Set Aside	18	(39,637,183)	(30,463,445)	(44,681,033)
Funds To Be Set Aside Investment Earnings	18	(1,370,260)	(712,500)	(3,486,477)
Funds To Be Used	18	49,582,776	54,598,996	37,449,454
Amount Attributable To Financing Activities		7,188,780	23,302,577	(10,799,680)
Surplus/(Deficit) Before Imposition Of General				
Rates		(76,984,304)	(80,655,524)	(88,798,256)
Total Amount Raised From General Rates Surplus/(Deficit) After Imposition Of General	20	81,392,990	80,655,524	90,792,911
Rates	5(b)	4,408,686	-	1,994,655

#### NOTE 1: BASIS OF PREPARATION

#### **Basis of Preparation**

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

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

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

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

#### The Local Government Reporting Entity

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

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

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

#### **Initial Application of Accounting Standards**

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

#### These were:

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

#### New Accounting Standards For Application In Future Years

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

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

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

#### **NOTE 1: BASIS OF PREPARATION**

#### **Critical Accounting Estimates**

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

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

#### NOTE 2: REVENUE AND EXPENSES

#### Revenue Recognition Policy

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

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

#### **NOTE 2: REVENUE AND EXPENSES**

#### (a) Grants, Subsidies and Contributions

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

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

#### SIGNIFICANT ACCOUNTING POLICIES

#### **Grants, Subsidies And Contributions**

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

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

#### **NOTE 2: REVENUE AND EXPENSES**

## (b) Fees and Charges

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

#### SIGNIFICANT ACCOUNTING POLICIES

## **Fees and Charges**

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

# **NOTE 2: REVENUE AND EXPENSES**

# (c) Service Charges

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

Community Security	2020-2021 Actual \$	2020-2021 Budget \$	2019-2020 Actual \$
Operating Income	4		
Call Out/Alarm Response Fees	150	1,000	559
City of Melville Security Patrol Fees	2,064,488	2,030,024	2,458,735
Total Operating Income	2,064,638	2,031,024	2,459,294
Operating Expenditure			
Employee Costs	(1,744,405)	(1,849,748)	(1,804,826)
Materials & Contracts	(44,957)	(47,237)	(39,831)
Insurance	(11,007)	(2,000)	(00,001)
Other Expenditure	(27,334)	(2,543)	(12,749)
Internal Charges	(532,277)	(543,124)	(554,563)
Internal Recovery	31,004	23,145	49,801
internal Necovery	31,004	23, 143	49,601
Total Operating Expenditure	(2,317,970)	(2,421,507)	(2,362,168)
Net Community Security	(253,332)	(390,483)	97,127
,			commence Character and an artist control of the Lander AM 25 in manual transport and
	THE RESIDENCE OF THE PROPERTY	and the state of t	
Transfer From/(To) Community Security Reserve	253,332	390,483	(97,127)
Net - Surplus / (Deficit)			

## **NOTE 2: REVENUE AND EXPENSES**

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

# **NOTE 2: REVENUE AND EXPENSES**

	2020-2021 Actual \$	2020-2021 Budget \$	2019-2020 Actual \$
Contracts with customers and transfers for recognisable non-financial assets Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City was recognised during the year for the following nature or types of goods or services:			
Operating grants, subsidies and contributions	5,193,364	4,284,884	4,811,165
Fees and charges	15,850,280	12,259,039	14,782,651
Other revenue	2,337,007	781,472	3,157,331
Non-operating grants, subsidies and contributions	3,868,138	2,703,751	2,405,809
	27,248,789	20,029,146	25,156,956
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City is comprised of:			
Contracts with customers included as a contract liability at the start of the period  Performance obligations satisfied in the previous	1,326,969	-	464,666
year Other revenue from contracts with customers	(664,172)	-	-
recognised during the year Transfers intended for acquiring or constructing recognisable non financial assets included as a	16,860,318	12,259,039	17,475,316
contract liability at the start of the period  Other revenue from performance obligations	2,167,983	-	1,114,109
satisfied during the year	7,557,691	7,770,107	6,102,865
	27,248,789	20,029,146	25,156,956
Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:			
Trade and other receivables from contracts with customers	40.040.754		17 101 057
Contract assets	13,816,754	-	17,124,957
Contract liabilities from contracts with customers	(1 079 544)		562,500
Financial assets held from transfers for recognisable	(1,978,541)		(1,326,969)
financial assets Contract liabilities from transfers for recognisable	995,416		602,457
non financial assets	(995,416)	-	(602,457)

#### **NOTE 2: REVENUE AND EXPENSES**

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

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

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

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

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

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

#### (d) Interest Earnings

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

#### **NOTE 2: REVENUE AND EXPENSES**

#### (e) Charged as Expenses

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

#### SIGNIFICANT ACCOUNTING POLICIES

#### Interest Earnings

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

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

#### **Volunteer Services**

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

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

#### **NOTE 3: CASH AND CASH EQUIVALENTS**

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

#### Reconciliation of Cash

For the purpose of preparing the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

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

#### SIGNIFICANT ACCOUNTING POLICIES

#### **CASH AND CASH EQUIVALENTS**

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

#### **RESTRICTED CASH**

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

# NOTE 4: NOTES TO THE STATEMENT OF CASHFLOWS

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

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

The City has no significant non-cash transactions.

## NOTE 5: RATE SETTING STATEMENT INFORMATION

¥			
	16,354	(3,249)	1,208,224
	22,519,136	21,602,201	22,244,753
	(103,263)	-	-
	789,510	689,761	964,292
	90,180	-	(749,957)
	55,188	-	160,030
	(32,700)	-	95,839
	23 334 406	22 288 713	23,923,182
	25,554,400	22,200,713	25,525,102
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		The professional and the profe	
		Transmission of the Control of the C	
	in the state of th		
	(160,028,169)	(103,488,864)	(168,603,502)
	(160,028,169)	(103,488,864)	(168,603,502)
	192,470,234	171,144,984	196,183,161
	(29,932,983)	-	(27,905,946)
	1,360,540	-	2,320,941
	(160,028,169)	(103,488,864)	(168,603,502)
	539,064	(67,656,120)	
	4,408.686	6	1,994,655
		22,519,136 (103,263) 789,510 90,180 55,188 (32,700) 23,334,406 (160,028,169) (160,028,169) (192,470,234 (29,932,983) 1,360,540 (160,028,169)	22,519,136 (103,263) - 689,761 90,180 - 55,188 (32,700) - 23,334,406 22,288,713 (160,028,169) (103,488,864) (160,028,169) (103,488,864) (160,028,169) (103,488,864) (160,028,169) (103,488,864) (160,028,169) (103,488,864) (160,028,169) (103,488,864) 539,064 (67,656,120)

NOTE 6: TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

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

## **NOTE 7: TRADE RECEIVABLES**

2020-2021 Actual \$	2019-2020 Actual \$
· ·	
5,096,796	6,912,476
293,564	764,617
96,130	110,270
1,005,372	1,355,123
2,822,097	2,802,090
894,229	1,269,566
(370,398)	(347,831)
564,992	812,524
1,215,901	1,144,308
11,618,683	14,823,143
2,211,633	2,301,814
2,211,633	2,301,814
	5,096,796 293,564 96,130 1,005,372 2,822,097 894,229 (370,398) 564,992 1,215,901 11,618,683

#### **NOTE 7: TRADE RECEIVABLES**

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

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

#### SIGNIFICANT ACCOUNTING POLICIES

#### TRADE RECEIVABLES

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

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

#### IMPAIRMENT AND RISK EXPOSURE

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

#### CLASSIFICATION AND SUBSEQUENT MEASUREMENT

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

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

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

#### **NOTE 8: OTHER FINANCIAL ASSETS**

	Note	2020-2021 Actual \$	2019-2020 Actual \$
Current Loans - Clubs and Community Groups At Amortised Cost	17	221,160	398,612
Total Other Financial Assets - Current		221,160	398,613
Non-Current Loans - Clubs and Community Groups At Amortised Cost Units (10) held in Local Government House At Fair	17	1,518,729 184,517	1,739,889 175,171
Value Through Profit or Loss  Equity - Share in Investment in Associates (SMRC)		20,505,466	15,240,728
At Fair Value Through Profit or Loss		20,505,400	13,240,726
Equity - Share in Joint Arrangement (Carawatha Revelopment Project) At Fair Value Through Profit or Loss	25(b)	4,982,651	6,353,536
Total Other Financial Assets - Non-Current		27,191,362	23,509,325

#### SIGNIFICANT ACCOUNTING POLICIES

#### Other financial assets at amortised cost

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

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

## Financial assets at fair value through profit or loss

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

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

#### Impairment and risk

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

#### **NOTE 9: INVENTORIES**

	2020-2021 Actual \$	2019-2020 Actual \$
Current		### PRINTENDED COOKSTAND C
Inventories		
Fuel and Materials at Cost	133,352	128,627
	133,352	128,627

#### SIGNIFICANT ACCOUNTING POLICIES

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

#### **NOTE 10: CONTRACT ASSETS**

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

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

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

#### SIGNIFICANT ACCOUNTING POLICIES

#### **Contract Assets**

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

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

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

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

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

#### **NOTE 11: OTHER ASSETS**

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

#### **NOTE 12: TRADE AND OTHER PAYABLES**

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

#### SIGNIFICANT ACCOUNTING POLICIES

#### TRADE AND OTHER PAYABLES

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

#### PREPAID RATES

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

#### **NOTE 13: CONTRACT LIABILITIES**

	2020-2021 Actual \$	2019-2020 Actual \$
Current Non-operating Grants, Subsidies and Contributions Membership Fees - Leisure Fit Booragoon	2,717,983 455.050	697,294 629,675
	3,173,033	1,326,969

#### **Reconciliation of Contract Liabilities**

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

# SIGNIFICANT ACCOUNTING POLICIES

#### **CONTRACT LIABILITIES**

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

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

### NOTE 14: EMPLOYEE RELATED PROVISIONS AND OTHER PROVISIONS

### (a) Employee Related Provisions

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

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

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

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

### NOTE 14: EMPLOYEE RELATED PROVISIONS AND OTHER PROVISIONS

### SIGNIFICANT ACCOUNTING POLICIES

### **EMPLOYEE BENEFITS**

The City's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the Statement of Financial Position.

### **Short-Term Employee Benefits**

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

### Other Long-Term Employee Benefits

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

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

### **Provisions**

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

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

### (b) Other Provisions

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

### NOTE 14: EMPLOYEE RELATED PROVISIONS AND OTHER PROVISIONS

### **Provision For Remediation Costs**

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

A provision for remediation is recognised when:

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

NOTE 15: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE

(a) PROPERTY, PLANT AND EQUIPMENT

Movements in Carrying Amounts

	Land - Freehold Land	Land - Vested	Buildings	Total Land and Buildings	Plant and Equipment	Electronic Equipment	Furniture and Fittings	Computer Equipment	Property Improvement	Fleet and Mobile Plant	Total Plant and Equipment	Artworks	Total Property, Plant and Equipment
	\$	\$	\$	5	5	6	8	\$	8	5	s	44	s
Balance at 1 July 2019 (Restated)	237,325,943	6,250,000	134,323,696	377,899,639	13,127,373	116,090	1,103,129	870,614	5,023,000	9,264,497	29,504,703	3,707,255	411,111,598
Changes in accounting policies	1	(6,250,000)	î	(6,250,000)	,		1		ī	•		,	(6,250,000)
Additions	ı	,	2,282,536	2,282,536	1,493,710	1	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)	í	(579,342)	(600,925)	000'6 -	(1,056,837)
Revaluation increments / (decrements) transferred to revaluation surplus	•	ı	,		J	,	1	1	ı	ı		٠	
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)	1	(11,491,032)
Carrying amount at 30 June 2020	237,325,943	ŀ	129,239,784	366,565,727	12,593,331	51,802	953,812	821,007	4,587,753	8,676,452	27,684,157	3,802,255	398,052,139
Comprises:													
Gross carrying amount at 30 June 2020	237,325,943		249,317,330	486,643,273	34,711,281	434,390	3,188,565	4,679,903	6,633,122	12,631,654	62,278,915	3,802,255	552,724,443
Accumulated Depreciation at 30 June 2020			(120,077,546)	(120,077,546)	(22,117,950)	(382,588)	(2,234,753)	(3,858,897)	(2,045,369)	(3,955,202)	(34,594,759)	٠	(154,672,303)
Carrying amount at 30 June 2020	237,325,943	1	129,239,784	366,565,727	12,593,331	51,802	953,812	821,007	4,587,753	8,676,452	27,684,157	3,802,255	398,052,139
Additions		ī	7,344,613	7,344,613.08	3,266,334	77,138	35,010	675,349	0	2,197,595	6,251,427	52,865	13,648,904
(Disposals)							(4,595)	(400)		(440,765)	(445,760)	(10,000)	(455,760)
Revaluation increments / (decrements) transferred to revaluation surplus			10,113,384	10,113,383.62			***************************************						10,113,384
Depreciation (expense)			(6,958,633)	(6,958,633)	(2,080,812)	(35,708)	(181,210)	(578,972)	(416,935)	(1,407,104)	(4,700,740)		(11,659,373)
Carrying amount at 30 June 2021	237,325,943	0	139,739,148	377,065,091	13,778,853	93,232	803,018	916,985	4,170,818	9,026,178	28,789,084	3,845,120	409,699,293
Comprises: Gross carving amount at 30. lune 2021	247 425 943	c	255 554 250	A02 880 103	37 077 615	511 F28	3 190 775	285 566	6 693 400	14 026 250	C30 VC3 E3	0 045 440	774 020 402
Accumulated depreciation at 30 June 2021			(115,815,102)	(115,815,102)	(24,198,762)	(418,296)	(2,387,757)	(4,368,581)	(2,462,304)	(5,000,080)	(38,835,780)	6-1,0+0,0	(154,650,882)
Carrying amount at 30 June 2021	237,325,943	٥	139,739,148	377,065,091	13,778,853	93,232	803,018	916,985	4,170,818	9,026,178	28,789,083	3,845,119	409,699,293

NOTE 15: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE

(b) INFRASTRUCTURE

Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure Infrastructure Infrastructure Parks  Roads Drains Footpaths Parks	Infrastructure - Footpaths	Infrastructure Parks	Infrastructure Street Furniture	Infrastructure Irrigation System	Total Infrastructure Excluding Work In	Work In Progress	Total Infrastructure Including Work In Progress
	9	44	49	45	49	ĸ	Progress \$	s	s,
Balance at 1 July 2019	189,880,005	135,794,203	47,219,135	7,116,153	1,087,644	4,315,747	385,412,888	12,619,025	398,031,912
Additions	6,528,911	667,574	820,902	646,746	103,756.00	696,232	9,464,121	6,942,688	16,406,809
(Disposals)	ı	ı		ť		ï	•	1	
Revaluation increments / (decrements) transferred to revaluation surplus	ı	ı	1	î		ì	•	1	•
Depreciation (expense)	(5,407,331)	(2,175,252)	(1,401,069)	(731,502)	(45,373)	(878,040)	(10,638,567)	ı	(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 Accumulated Depreciation at 30 June 2020 Carrying amount at 30 June 2020	347,341,398 (156,339,813) 191,001,585	284,420,792 (150,134,267) 134,286,525	79,453,131 (32,814,163) 46,638,968	12,796,460 (5,765,063) 7,031,397	2,431,117 (1,285,090) 1,146,027	21,190,600 (17,056,661) <b>4,133,939</b>	747,633,498 (363,395,057) 384,238,442	19,561,713	767,195,211 (363,395,057) <b>403,800,155</b>
Additions	9,112,237	975,008	2,136,507	1,454,326	1,803,100	365,322	15,846,499	3,842,559	19,689,058
(Disposals)	•	r	ı	,	ı			i	
Revaluation increments / (decrements) transferred to revaluation surplus	,		ı	ĭ		•		ı	
Depreciation (expense)	(5,527,050)	(2,180,805)	(1,426,557)	(770,945)	(47,486)	(906,918)	(10,859,762)		(10,859,762)
Carrying amount at 30 June 2021	194,586,772	133,080,727	47,348,918	7,714,778	2,901,641	3,592,342	389,225,179	23,404,272	412,629,451
Comprises:	256 452 625	206 306 900	04 600 630	14 250 707	740 ACC A	200	900 077 097	070 404 00	are too oor
Accumulated depreciation at 30 June 2021	(161,866,863)	(152,315,072)	(34,240,720)	(6,536,008)	(1,332,576)	(17,963,579)	(374,254,819)	23,404,272	(374,254,819)
Carrying amount at 30 June 2021	194,586,772	133,080,727	47,348,918	7,714,779	2,901,641	3,592,343	389,225,179	23,404,272	412,629,451

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

### (c) Disposal of Assets

	Net Book Value	Value	Sales P.	Sales Proceeds	Profit / (Loss)	(Loss)	Net Book Value	Value	Sales Proceeds	ceeds	Profit / (Loss)	oss)
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
	A	9	9	A	A	4	A	59	ક્ક	69	69	69
Artwork	10,000				(10,000)		000'6		1	,	(000'6)	
Land & Building		1		1	,	T	789,484	i	•	,	(789,484)	,
Furniture & Fittings	4,595	ı	200	3,249	(4,095)	3,249	16,283		4,300	4,250	(11,983)	4,250
Electronic Equipment		•			1	· ·	5,300	ı	i		(2,300)	. '
Computer Equipment	400	•		1	(400)	,	1	ľ	i	ı		,
Plant & Equipment	440,765	780,070	438,906	780,070	(1,859)		ı	431,250	1	431,250	ı	•
Property				•	1		,	1			i	•
Fleet and Mobile Plant		,					503,366		316,649	ı	(186,717)	
Investment Land						•	6,705,740	•	6,500,000	ı	(205,740)	•
Total	455,760	780,070	439,406	783,319	(16,354)	3,249	8,029,172	431,250	6,820,949	435,500	(1,208,224)	4,250

### (d) Depreciation

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

### (e) Fully Depreciated Assets in Use

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

	2020-2021	2019-2020
	Actual	Actual
Asset Class	€9	69
Computers	2,855,882	2,848,140
Electronic	141,340	141,340
Furniture	1,066,588	1,066,588
Lighting	193,400	193,400
Other Improvements	6,238,066	7,175,066
Playground Equipment	273,470	239,814
Plant and Fleet	4,153,364	3,943,374
Total	14,922,110	15,607,722

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

### SIGNIFICANT ACCOUNTING POLICIES

### **Fixed Assets**

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

### Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

### Revaluation

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

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

### Land under roads from 1 July 2019

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

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

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

### Vested improvements from 1 July 2019

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

### Depreciation

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

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

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

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

### **Depreciation rates**

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

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

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

### Roads

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

### Depreciation on revaluation

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

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

NOTE 15: PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE

## SIGNIFICANT ACCOUNTING POLICIES

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of last Valuation	Inputs used
<b>Artworks</b> Artworks	ю	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	Jer 3	Replacement Cost	Independent registered valuer	June 2018	Non-observables market evidence and valuation relies on significant assumptions
Buildings	2 & 3	Cost Approach	Independent registered valuer	June 2021	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
<b>Plant and Equipment</b> Plant and Equipment	. 2 & 3	Cost Approach/Market approach	Independent registered valuer	June 2019	Make, size, year of manufacture, current condition, residual values and remaining useful life assessments. The amount that would be required to replace the service capacity of the assets
Electronic Equipment	2 & 3	Cost Approach/Market approach	Independent registered valuer	June 2019	Make, size, year of manufacture, current condition, residual values and remaining useful life assessments. The amount that would be required to replace the service capacity of the assets

# NOTE 15: PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE

## SIGNIFICANT ACCOUNTING POLICIES

Asset Class	Fair Value Hierarchy	0 >	Valuation Technique	Basis of Valuation	Date of last Valuation	Inputs used
Furniture and Equipment		N 8 9	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
<b>Infrastructure</b> Infrastructure - Roads	•	r	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	•	ဗ	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		က	Cost approach using depreciated replacement cost	Independent valuation	June 2019	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

NOTE 15: PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE

## SIGNIFICANT ACCOUNTING POLICIES

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of last Valuation	Inputs used
Infrastructure - Other	i.				
Infrastructure - Parks	က	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	ო	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	ო	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

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

### **NOTE 16: INVESTMENT PROPERTY**

### **Non-Current Assets At Fair Value**

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

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

	2020-2021 Actual \$	2019-2020 Actual \$
Rental Income Direct Operating expenses from property that	173,631	149,306
generated rental income	(10,567)	(21,955)
Fair Value gain recognised in other income	-	-
Net rental income	163,065	127,351
Leasing Arrangements Investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:		
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:		
Within one year	173,631	149,305
Later than one year but not later than 5 years	933,267	866,255
Later than 5 years	451,187	410,170
	1,558,085	1,425,730

NOTE 16: INVESTMENT PROPERTY

## SIGNIFICANT ACCOUNTING POLICIES

Inputs used	Price per hectare / market borrowing rate	Observable Market Evidence, construction costs and current condition, residual values and remaining useful life
Date of last Valuation	June 2018	June 2021
Basis of Valuation	Internal Management Review	Independent registered valuer
Valuation Technique	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Cost Approach
Fair Value Hierarchy	2	7
Asset Class	Investment Property Land - Freehold	Buildings

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.

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 nvestment properties are recorded at cost determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. They either a change in the fair value or the sale of an investment property is immediately recognised in the Statement of Comprehensive Income.

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

NOTE 17: INFORMATION ON BORROWINGS AND OTHER FINANCIAL LIABILITY

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

# NOTE 17: INFORMATION ON BORROWINGS AND OTHER FINANCIAL LIABILITY

### **Details of Borrowings**

	Loan	Principal	(Loans	Inte	Interest	Principal F	Principal Repayments	Principal	Current	Non-Current
Program / Sporting Body	No	1 July 2020	Discharged) New Loans	Budget	Actual	Budget	Actual	30 June 2021		
		69	44	65	49	69	ક્ક	43	63	64
Recreation and Culture										
Melville Glades Golf Club	382	188,030	ı	11,632	7,047	188,030	188,030	1		
Leeming Sport Association	398	59,457	I	3,363	3,396	18,616	18,616	40,841	19,794	21,047
Tompkins Park Community and Recreational Ass	399	252,597		14,754	16,522	20,452	20,453	232,144	21,690	210,455
Bull Creek Tennis Club	406	34,897	1	1,859	2,091	5,570	5,570	29,327	5,892	23,435
Melville Glades Golf Club	411	938,149	ı	54,995	58,995	87,514	87,514	850,635	92,844	757,791
Mt Pleasant Bowling Club	413	85,895	r	2,950	3,187	33,391	33,391	52,504	34,672	17,832
Bull Gum Tennis Club	414	37,221	ı	1,278	1,381	14,470	14,469	22,752	15,025	7,727
Brentwood Karoonda Sporting Association	415	173,312	ı	5,430	6,475	8,150	8,149	165,163	8,410	156,753
Windelya Sports Association Incorporation	416	368,943		989'9	9,174	22,420	22,420	346,523	22,834	323,689
		2,138,501	•	102,947	108,267	398,613	398,612	1,739,889	221,160	1,518,729

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

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

# NOTE 17: INFORMATION ON BORROWINGS AND OTHER FINANCIAL LIABILITY

New Borrowings

There are no new borrowings in 2020-2021.

### **Unspent Borrowings**

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

## SIGNIFICANT ACCOUNT POLICIES

Financial Liabilities

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

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

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

### **Borrowing Costs**

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

### Risks

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

NOTE 10. RESERVES - GASTI BACKED	2020-2021 Actual \$	2020-2021 Budget \$	2019-2020 Actual \$
Ardross East UGP & Streetscape Enhancement Reserve		Market (Market Could County) (April 2004) (Art Processed in the County State County County County County County	
To be used for underground power projects and streetscape	The state of the s		
enhancements in the Ardross East Underground Power			
project area.			
Opening Balance	12,212	-	11,950
Funds Set Aside	-	-	-
Funds Set Aside - Investment Earnings	-	-	262
Funds Used	(12,212)	-	-
Closing Balance	-	-	12,212
Attadale North Underground Power & Streetscape			
Enhancement Reserve			
To be used for underground power projects and streetscape			
enhancements in the Attadale North Underground Power project area.			
· -	07.646		05 554
Opening Balance Funds Set Aside	97,646	-	95,554
	-	-	2 002
Funds Set Aside - Investment Earnings Funds Used	(07.646)	-	2,092
	(97,646)	-	
Closing Balance	-	-	97,646
Melville North Underground Power & Streetscape			
Enhancement Reserve		and the second	
To be used for underground power projects and streetscape	Account of the control of the contro	And the second	
enhancements in the Melville North Underground Power	политический		
project area.		De constant de con	
Opening Balance	55,325	64,616	1,776,344
Funds Set Aside	-	-	-
Funds Set Aside - Investment Earnings	-	-	19,832
Funds Used	-	-	(1,740,851)
Closing Balance	55,325	64,616	55,325
Melville South Underground Power & Streetscape			
Enhancement Reserve			
To be used for underground power projects and streetscape	overence of the second		
enhancements in the Melville South Underground Power	A-province and the second seco		
project area.	2.050	2 800	0.000
Opening Balance	2,959	2,896	2,896
Funds Set Aside Investment Fernings	-	-	-
Funds Set Aside - Investment Earnings	- I	-	63
Funds Used	-		
Closing Balance	2,959	2,896	2,959

i	(	1	
	2020-2021 Actual \$	2020-2021 Budget \$	2019-2020 Actual \$
Civic Centre Precinct Improvements Reserve			10 10 10 10 10 10 10 10 10 10 10 10 10 1
To be used for improvements to the buildings and associated	on the state of th	to the control of the	
landscaping and car parking located within the Civic Centre		The Control of the Co	
Precinct (Melville City Centre).	0.044		0.470
Opening Balance	6,314	6,334	6,179
Funds Set Aside	-	-	-
Funds Set Aside - Investment Earnings	-	33	135
Funds Used			
Closing Balance	6,314	6,367	6,314
Commercial Refuse Reserve			merant all described a species of a species of the control of the
To be used for the acquisition and replacement of		- Anna Anna Anna Anna Anna Anna Anna Ann	
commercial refuse bins, vehicles, and plant and equipment used for commercial waste operations and the development		- Control - Cont	
of commercial waste collection opportunities.			
Opening Balance	4,110,499	3,797,371	3,752,705
Funds Set Aside	298,309	329,443	284,020
Funds Set Aside - Investment Earnings	-	21,519	85,139
Funds Used	-	-	(11,365)
Closing Balance	4,408,808	4,148,333	4,110,499
Community Facilities Reserve			
To be used for the provision of new, renewed or upgraded community facilities/buildings.		A CONTRACTOR OF THE CONTRACTOR	
Opening Balance	22,332,421	14,937,455	22,844,502
Funds Set Aside	5,589,800	3,474,043	3,273,952
Funds Set Aside - Investment Earnings	432,433	73,747	489,152
Funds Used	(6,041,121)	(6,192,741)	(4,275,185)
Closing Balance	22,313,533	12,292,504	22,332,421
Community Centre Fitout, Furniture and Equipment Reserve			
To be used to fund the acquisition and replacement of the		Sectional	
fitouts, furniture and specialised equipment requirements for		Control of the Contro	
Community Centres.		nonement of the second	
Opening Balance	5,674	5,164	-
Funds Set Aside	21,000	21,000	20,000
Funds Set Aside - Investment Earnings	-	37	61
		(47.000)	(14,387)
Funds Used	(2,307)	(17,600)	(14,307)

NOTE 18: RESERVES - CASH BACKED			
	2020-2021 Actual \$	2020-2021 Budget \$	2019-2020 Actual \$
Community Surveillance and Security Reserve			
To temporarily retain any surpluses that may arise from the			
Property Surveillance and Security Service Charge to be			
used to offset future years Property Surveillance and			
Security Service Charges or for the purchase of plant and			
equipment used for community surveillance and security			
Services.	796 407	670.206	672.500
Opening Balance Funds Set Aside	786,497	679,206	673,562
to about distribution and additional distribution and addi	-	-	108,945
Funds Set Aside - Investment Earnings	<u>-</u>	2,629	15,809
Funds Used	(253,332)	(390,483)	(11,819)
Closing Balance	533,165	291,352	786,497
Fleet Services Vehicles, Plant and Equipment	n sala kotton fasa en saat kulisintaaki konaakii ismaahan sakii kudichton a. seessa yagan ast aaqtaat		00000 muselimani (din revisionali) sul i Solojimije njenos kija konsessistani na havri
Replacement Reserve			
To be used to fund the purchase of replacement vehicles, plant and equipment.		Manager and the second	
Opening Balance	11,129,361	8,406,637	9,854,837
Funds Set Aside	2,000,000	1,500,000	2,000,000
Funds Set Aside - Investment Earnings	2,000,000	43,651	227,206
Funds Used	(4 727 404)		
	(1,737,491)	(2,239,324)	(952,682)
Closing Balance	11,391,870	7,710,964	11,129,361
Funds in lieu of Development on Public Open Space			na 4183 i Massoi assako i puoni perina mandro valenda esperin proposo proposis e com pro-uned
Reserve	No.		
Maintained for the purpose of retaining and using funds in			
accordance with section 154(2) of the Planning and			
Development Act 2005.	and the second		
Opening Balance	-	-	=
Funds Set Aside	33,013	-	-
Funds Set Aside - Investment Earnings	-	-	_
Funds Used	-	-	-
Closing Balance	33,013	MORPHONIC AND	
New / Upgrade Works Reserve (Previously Future Works			
Reserve)	and the second s		
To be used to fund the "New" and "Upgrade" components of	and the second s		
the costs of Infrastructure Capital Works and Buildings as	and the same of th		
opposed to renewal of existing assets as per Asset Management Plans.			
Opening Balance	11,369,518	5,698,662	3,124,212
Funds Set Aside	8,922,189	8,109,771	12,116,649
Funds Set Aside - Investment Earnings	170,885	24,444	156,931
Funds Used	(9,302,819)	(10,506,073)	(4,028,274)
Closing Balance	11,159,773	3,326,804	11,369,518
	11,105,773	3,320,804	11,305,518

NOTE 16. RESERVES - CASH BACKED	2020-2021 Actual \$	2020-2021 Budget \$	2019-2020 Actual \$
Information Technology Reserve  To be used to fund the acquisition and replacement of computer software and information technology hardware.			
Opening Balance	2,529,356	2,208,462	2,487,163
Funds Set Aside	1,405,820	1,405,820	724,295
Funds Set Aside - Investment Earnings	_	13,211	54,316
Funds Used	(974,683)	(958,048)	(736,418)
Closing Balance	2,960,493	2,669,445	2,529,356
Infrastructure Asset Management Reserve			
To be used to fund infrastructure asset management projects including the construction, maintenance and renewal of the City of Melville's road, path, kerbing, street furniture, park structures, playground, irrigation/reticulation and drainage infrastructure assets.			
Opening Balance	38,328,048	32,770,600	32,809,757
Funds Set Aside	12,934,284	12,707,611	13,801,600
Funds Set Aside - Investment Earnings	670,669	167,282	770,244
Funds Used	(13,581,478)	(16,649,808)	(9,053,553)
Closing Balance	38,351,523	28,995,685	38,328,048
Land and Property Reserve			
To be used to:			
a) fund the acquisition or construction of commercial revenue			
earning land and or buildings, or 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 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.	and a second		
Opening Balance	38,994,718	38,355,023	35,590,075
Funds Set Aside	-	-	2,930,364
Funds Set Aside - Investment Earnings	_	205,352	807,566
Funds Used	(255,534)	(1,092,354)	(333,287)

NOTE 16. RESERVES - CASH BACKED	2020-2021 Actual \$	2020-2021 Budget \$	2019-2020 Actual \$
Leave Entitlements Reserve	PERMITTER HELLOCOMINA CONTROL OF THE SECURITY AND A CONTROL OF THE SECURITY OF	1111	
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.		on the second se	
Opening Balance	2,798,153	2,795,775	2,738,208
Funds Set Aside	-	-	-
Funds Set Aside - Investment Earnings	-	15,185	59,945
Funds Used	-	_	_
Closing Balance	2,798,153	2,810,960	2,798,153
Library, Museums & Arts Equipment & Specialised Fitout			
Reserve		Manines	
To be used to fund the acquisition and replacement of the fit		et interesses on the second se	
outs, furniture and specialised equipment for art centres,		ingenitation	
museums and libraries.		Anni Cilina and Anni Cilina an	
Opening Balance	188,040	49,473	110,846
Funds Set Aside	130,000	130,000	101,300
Funds Set Aside - Investment Earnings	-	375	3,236
Funds Used	(47,754)	(91,000)	(27,342)
Closing Balance	270,286	88,848	188,040
Organisational Environment Sustainability Initiatives Reserve			
To be used to fund environmental initiatives which are			
intended to reduce the energy usage and/or carbon footprint			
of the corporation of the City of Melville or for debt servicing			
costs associated with any loan borrowings taken out for such			
purposes.			
Opening Balance	1,078,178	755,617	1,320,726
Funds Set Aside	250,000	250,000	250,000
Funds Set Aside - Investment Earnings	_	3,425	25,974
Funds Used	(134,636)	(500,000)	(518,522)
Closing Balance	1,193,542	509,042	1,078,178
_	1,100,012		1,070,110
Parking Facilities Reserve			
To be used to fund the provision, refurbishment or			
improvement of parking facilities and equipment.			
Opening Balance	444,108	445,393	370,290
Funds Set Aside	65,000	65,000	65,000
Funds Set Aside - Investment Earnings	-	2,596	8,818
Funds Used	(24,998)	-	z. <del>-</del>
Closing Balance	484,110	512,989	444,108

NOTE 16. RESERVES - CASH BACKED	2020-2021 Actual \$	2020-2021 Budget \$	2019-2020 Actual \$
Parking Management Reserve - Canning Bridge Activity			
Centre	And a second and a		
To fund public transport, car parking, streetscape upgrades that improve opportunities for walking and cycling, footpaths and other pedestrian-related infrastructure, cycle paths and			
other cycling-related infrastructure, street trees, plants and landscaping that improves pedestrian amenity and/or Travelsmart programs and initiatives at the Canning Bridge			
Activity Centre, or as per the discretion of the Council under the advice of a Parking Fund Advisory Committee.			
Opening Balance	=	.=.	_
Funds Set Aside	358,967	250,000	_
Funds Set Aside - Investment Earnings	_	679	
Funds Used	-	-	_
Closing Balance	358,967	250,679	
Parking Management Reserve - Riseley Activity Centre			
To fund public transport, car parking, streetscape upgrades	осторого		
that improve opportunities for walking and cycling, footpaths	OCCUPATION AND ADDRESS OF THE PROPERTY OF THE		
and other pedestrian-related infrastructure, cycle paths and			
other cycling-related infrastructure, street trees, plants and			
landscaping that improves pedestrian amenity and/or		MODEL STATE OF THE	
Travelsmart programs and initiatives at the Riseley Activity Centre, or as per the discretion of the Council under the			
advice of a Parking Fund Advisory Committee.			
Opening Balance	-		-
Funds Set Aside	27,120	13,750	-
Funds Set Aside - Investment Earnings	-	37	_
Funds Used	-	-	-
Closing Balance	27,120	13,787	-
Private Swimming Pool Inspection Fee Reserve			
To temporarily retain any surpluses that may arise from the			
Swimming Pool Inspection fees to be used to offset any			
deficits that may occur in future years operations of the Private Swimming Pools Inspection Program.		and the second s	
	104 207	152 700	104 644
Opening Balance Funds Set Aside	194,297	153,728	104,645
	-	704	86,415
Funds Set Aside - Investment Earnings	(70 0 47)	764	3,237
Funds Used	(70,347)	(26,372)	40400
Closing Balance	123,950	128,120	194,297

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

	2020-2021 Actual \$	2020-2021 Budget \$	2019-2020 Actual \$
Refuse Facilities Reserve		F :	
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	hard war was all discountered and the common of the common		
disposal costs of waste associated with storm or disaster events.		and the second s	
Opening Balance	10,590,441	10,621,884	10,591,984
Funds Set Aside	1,723,115	_	_
Funds Set Aside - Investment Earnings	-	56,876	229,352
Funds Used	(311,396)	(300,000)	(230,895)
Closing Balance	12,002,161	10,378,760	10,590,441
Risk Management Reserve			
To be used to fund prior years insurance premium contingencies, the self insured element of insurance claims, risk reduction initiatives or projects, losses arising from investment activities and discretionary expenditure required as a consequence of unforeseen events beyond the control			
of the City.			
Opening Balance	7,134,304	7,163,653	6,545,265
Funds Set Aside	153,984	-	461,681
Funds Set Aside - Investment Earnings	-	22,170	148,115
Funds Used	(6,309,157)	(6,163,653)	(20,757)
Closing Balance	979,131	1,022,170	7,134,304
Special Projects Reserve			
To be used to fund costs associated with City of Melville Council Elections, infrastructure asset condition surveys, asset valuations and gross rental value revaluations and strategic planning projects.			
	4 047 444	4 000 400	4.040.000
Opening Balance Funds Set Aside	1,647,141	1,288,406	1,946,288
	700,000	600,000	700,000
Funds Set Aside - Investment Earnings Funds Used	(1 110 215)	5,169 (1,273,500)	38,908
Closing Balance	(1,119,315) <b>1,227,827</b>	620,075	(1,038,055) <b>1,647,141</b>
Unexpended Works and Specific Purpose Grants			
Reserve			
To be used to carry forward available funding for uncompleted projects and specific purpose grants that will be completed and expended in ensuing financial years.			
	1 006 400		2 400 054
Opening Balance Funds Set Aside	1,986,489	-	2,499,951
Funds Set Aside Funds Set Aside - Investment Earnings	1,421,342	-	1,986,489
Funds Used	(1.096.490)	-	(2.400.054)
	(1,986,489)		(2,499,951)
Closing Balance	1,421,342	-	1,986,489

	2020-2021 Actual \$	2020-2021 Budget \$	2019-2020 Actual \$
Summary		1914 - William II 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -	
Opening Balance	168,603,502	143,318,634	157,885,448
Funds Set Aside	39,637,183	30,463,446	44,681,032
Funds Set Aside - Investment Earnings	1,370,260	712,500	3,486,476
Funds Used	(49,582,776)	(54,598,996)	(37,449,454)
Closing Balance	160,028,169	119,895,584	168,603,501

### NOTE 18(a): REVALUATION SURPLUS

	Closing 30/06/2021	Increment / (Decrement)	Closing 30/06/2020 \$	Increment / (Decrement)	Change in Accounting Policies	Opening 1/07/2020
	\$	\$	Ψ	\$	\$	\$
Land	220 224 695		220 224 605			220 224 605
Building	230,334,685 104,834,391	10,113,383	230,334,685	-	-	230,334,685
Land Vested	104,634,391	10,113,363	94,721,008	-	(6.350.000)	94,721,008 6,250,000
Land Vested	-	-	-		(6,250,000)	6,250,000
Total Land and Buildings	335,169,076	10,113,383	325,055,693	-	(6,250,000)	331,305,693
Automotor						
Artworks	0.070.740		0.070.740			0 070 7 10
Artworks	2,276,749	-	2,276,749	-	-	2,276,749
Total Artworks	2,276,749	=	2,276,749	-	-	2,276,749
Plant and Equipment	3					
Computer Equipment	554,433	_	554,433			EEA 422
Electronic Equipment	127,790	-	127,790	-	-	554,433 127,790
Furniture & Fittings	322,892		322,892	-	-	322,892
Plant & Equipment	23,490,999		23,490,999	_	-	
Mobile Plant		-			-	23,490,999
Mobile Plant	1,611,729	-	1,611,729	-	-	1,611,729
Total Plant and Equipment	26,107,843	-	26,107,843	-	-	26,107,843
Infrastructure						
Drains	120,015,420	_	120,015,420	_	-	120,015,420
Footpaths	37,098,281	_	37,098,281	_	_	37,098,281
Roads	46,805,867	-	46,805,867	-	_	46,805,867
Total Infrastructure	203,919,567	-	203,919,567	-	-	203,919,567
Infrastructure - Other						
Parks	2,472,242	_	2,472,242	_	-	2,472,242
Irrigation	(579,827)	_	(579,827)	_	_	(579,827)
Street Furniture	1,493,694	-	1,493,694	1_	-	1,493,694
Total Infrastructure - Other	3,386,109	-	3,386,109	-	-	3,386,109
Share of Revaluation of SMRC Non Current Assets	2,190,442	142,038	2,048,404	1,949,571	-	98,833
Local Government House Unit	(46,128)	9,346	(55,474)	-	-	(55,474)
Trust Holding	(40,120)		,,			• 1 45

### **NOTE 19: TRUST FUNDS**

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

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

NOTE 20: STATEMENT OF RATING INFORMATION

Current Year Actual	Number of	Rateable value	Rate in \$	Rate Revenue	Interim Rates	Back Rates	Total Revenue				
2020-2021	Properties	\$	(cents)	\$	\$	\$	\$				
		GENERAL RATE									
General Rate GRV											
Residential - Improved	29,705	770,738,072	7.347628	56,630,967	891,139	306,304	57,828,410				
Residential - Unimproved	747	20,261,790	6.657573	1,348,943	99,685	33,150	1,481,778				
	30,452	790,999,862		57,979,910	990,824	339,454	59,310,188				
Commercial - Improved	1,483	233,415,450	7.738591	18,063,067	192,149	\$ 60,169	18,315,385				
Commercial - Unimproved	16	1,411,328	7.738591	109,217	(35,678)	(12,395)	61,144				
Strata Storage Units	-	-	7.738591	-	-	-	-				
	1,499	234,826,778		18,172,284	156,471	47,774	18,376,529				
Sub Total General Rate	31,951	1,025,826,640		76,152,194	1,147,296	387,227	77,686,717				
			MI	NIMUM RATE							
Minimum Rate				1							
Residential - Improved	10,610	157,076,478	1,283.43	13,617,192			13,617,192				
Residential - Unimproved	300	2,896,580	818.63	245,589			245,589				
	10,910	159,973,058	The state of the s	13,862,781	-	-	13,862,781				
Commercial - Improved	190	1,586,816	995.61	189,166			189,166				
Commercial - Unimproved	1	5,000	995.61	996			996				
Strata Storage Units	57	102,112	995.61	56,750			56,750				
	248	1,693,928		246,911	-	-	246,911				
Sub Total Minimum Rate	11,158	161,666,986	_	14,109,693	-	-	14,109,693				
Amount Raised from Rates				90,261,886	1,147,296	387,227	91,796,409				
		mania	F	00,201,000	1,111,200	00.,	01,100,100				
Storage Unit Concession				(28,375)		-	(28,375				
Residential Improved Stimulus	1			(8,334,300)		and the same of th	(8,334,300				
Residential Unimproved Stimu	1	1		(186,830)			(186,830)				
Commercial Improved Stimulu				(1,836,655)			(1,836,655				
Commercial Unimproved Stime Melville Glades Rates Concess	1	n		(7,078) (10,181)			(7,078) (10,181)				
Sub Tatal Caranasian			_	(40.400.440)							
Sub Total Concessions				(10,403,419)	•	-	(10,403,419				
Total Amount Raised from R	ates			79,858,467	1,147,296	387,227	81,392,990				
Plus:											
Instalment Administration Fee							18				
Instalment Interest							174,963				
Late Payment Interest							166,384				
GRAND TOTAL	43,109	1,187,493,626		79,858,467	1,147,296	387,227	81,734,355				

### Summary

Current Year Actual 2020-2021	Rate Asses	Rate Assessments		alue	Rate Yi	Average Rate	
	#	%	\$	%	\$	%	\$
Residential	41,362	95.95%	950,972,920	80.08%	71,842,691	79.59%	1,737
Commercial	1,747	4.05%	236,520,706	19.92%	18,419,195	20.41%	10,543
and the second s	43,109	100.00%	1,187,493,626	100.00%	90,261,886	100.00%	

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

### NOTE 20: STATEMENT OF RATING INFORMATION

Current Year Budget 2020-2021	Number of	Rateable value	Rate in	Rate Revenue	Interim Rates	Back Rates	Total Revenue
	Properties	\$	(cents)	\$ RAL RATE	\$	\$	\$
General Rate GRV			GENE	RAL KATE			
Residential - Improved	29,612	768,680,992	7.347628	56,479,820	100,000		56,579,820
Residential - Unimproved	747	20,030,850	6.657573	1,333,568	8,440		1,342,009
Residential - Onliniproved	30,359	788,711,842	0.037373	57,813,388	108,440	_	57,921,829
		,,		0.,0.0,000	100,110		0.,021,020
Commercial - Improved	1,484	233,484,239	7.738591	18,068,390	39,586		18,107,976
Commercial - Unimproved	15	1,380,828	7.738591	106,856	4,954		111,810
Strata Storage Units	-	-	7.738591	-			-
	1,499	234,865,067		18,175,246	44,539	-	18,219,786
Sub Total General Rate	31,858	1,023,576,909		75,988,635	152,980	-	76,141,614
							-
Minimum Rate	r		MININ	IUM RATE		Г	
	10.644	157 450 400	4 202 42	42.050.070	405.004		44 490 000
Residential - Improved Residential - Unimproved	10,641	157,452,138	1,283.43 818.63	13,656,979 246,408	465,884		14,122,863
Residentiai - Onimproved	10,942	2,913,030 <b>160,365,168</b>	616.63		1,560		247,967
	10,942	160,365,166		13,903,386	467,444	-	14,370,830
Commercial - Improved	190	1,586,816	995.61	189,166	414		189,580
Commercial - Unimproved	1	5,000	995.61	996	46		1,042
Strata Storage Units	57	102,112	995.61	56,750	-		56,750
	248	1,693,928		246,911	461	-	247,372
Sub Total Minimum Rate	11,190	162,059,096		14,150,298	467,904	-	14,618,202
Amount Raised from Rates				90,138,932	620,884	-	90,759,816
Storage Unit Concession				(28,375)			(28,375
Residential Improved Stimulus (	Concession			(8,050,600)			(8,050,600
Residential Unimproved Stimulu				(172,920)			(172,920
Commercial Improved Stimulus				(1,831,431)			(1,831,431
Commercial Unimproved Stimul				(10,785)			(10,785
Melville Glades Rates Concessi	i .			(10,181)			(10,181
Sub Total Concessions			manus de la companya	(10,104,292)	-	-	(10,104,292
Total Amount Raised from Ra	tes			80,034,640	620,884	-	80,655,524
Plus:			and the second s				
Instalment Administration Fee			nobeliani				-
Instalment Interest			decimandes				180,000
Late Payment Interest							111,528
GRAND TOTAL	43,048	1,185,636,005		80,034,640	620,884	-	80,947,052
	- In the same of t	AND DESCRIPTION OF THE PARTY OF	Action and the street	AND DESCRIPTION OF THE PERSON	TO COME TO SERVICE STREET, STR	DOWNSON THE REAL PROPERTY.	THE WATER THE WATER THE PARTY OF THE PARTY.

### Summary

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

### NOTE 20: STATEMENT OF RATING INFORMATION

Prior Year Actual 2019-2020	Number of	Rateable value	Rate in \$	Rate Revenue	Interim Rates	Back Rates	Total Revenue
	Properties	\$	(cents)	\$ ERAL RATE	\$	\$	\$
General Rate GRV			GENE	ERAL RATE			
Residential - Improved	29,553	860,312,155	6.507805	55,987,281	558,330	(22,150)	56,523,46
Residential - Unimproved	841	20,427,835	7.330606	1,497,480	(5,117)	(6,932)	1,485,430
Vertical and the second of the	30,394	880,739,990		57,484,761	553,212	(29,082)	58,008,89
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		1,500,007	7.358007	110,010	(27,201)	1,007	-
Strata Storage Offics	1,513	245,091,362	,.000007	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
oub rotal ocheral rate	01,007	1,120,001,002		70,010,000	043,403	(12,777)	70,100,012
			MINI	MUM 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			t	89,229,415	649,463	(12,444)	89,866,434
Storage Unit Concession			Ī	(27,877)			(27,877
				89,201,537	649,463	(12,444)	89,838,556
Amount Recognised As Reven	ue From Prepa	id Rates					954,355
Total Amount Raised from Ra	ates						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						Water the Water to the Control of th	
Prior Year Actual	Rate As	sessments	Rateable	Value	Rate Yi	eld	Average Rate
2019-2020	#	%	\$	%	\$	%	\$
Residential	40,972	95.90%	1,053,855,262	81.03%	70,958,628	79.52%	1,732
Commercial	1,751	4.10%	246,787,584	18.97%	18,270,787	20.48%	10,434
	42,723	100%	1,300,642,846	100%	89,229,415	100%	

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

### NOTE 20: STATEMENT OF RATING INFORMATION

### DIFFERENTIAL RATING

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

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

### SIGNIFICANT ACCOUNTING POLICIES

### Rates

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

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

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

### (a) Discounts

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

### (b) Payment Incentives

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

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

### (c) Concessions

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

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

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

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

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

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

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

The following two payment options were provided to ratepayers:

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

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

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

### **NOTE 23: LEASING COMMITMENTS**

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

### **NOTE 24: CONTINGENT LIABILITIES**

### **Workers' Compensation Premium**

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

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

### NOTE 25: INVESTMENT IN ASSOCIATES AND JOINT ARRANGEMENTS

### (a) Investment In Associates

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

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

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

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

There are two core projects being:

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

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

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

### **Existing Undertakings**

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

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

60.30%

### Regional Resource Recovery Centre (RRRC) Project

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

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

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

### NOTE 25: INVESTMENT IN ASSOCIATES AND JOINT ARRANGEMENTS

The City's share as on 30 June 2021: RRRC Project Proportional Equity Share:

73.91%

### **RRRC** - Lending Facility

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

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

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

As at 30 June 2021, the balance outstanding against the lending facility stood at:

With the City's share of this liability being:

Using the current cost/profit sharing percentage of:

\$ 6,629,191

\$ 2,653,665

40.03%

### Office Accommodation Project

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

The City's share as on 30 June 2021:
Office Accommodation Project Proportional Equity Share:

59.16%

### Office Accommodation Project

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

As at 30 June 2021, the balance outstanding against the lending facility stood at:

With the City's share of this liability being:

Using the current cost/profit sharing percentage of:

\$ 1,800,000
\$ 988,380

54.91%

### NOTE 25: INVESTMENT IN ASSOCIATES AND JOINT ARRANGEMENTS

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

### NOTE 25: INVESTMENT IN ASSOCIATES AND JOINT ARRANGEMENTS

### SIGNIFICANT ACCOUNTING POLICIES

### Investment In Associates

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

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

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

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

### (b) Joint Arrangements

### Share in Carawatha Redevelopment Project

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

### SIGNIFICANT ACCOUNTING POLICIES

### INTERESTS IN JOINT ARRANGEMENTS

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

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initally recognised at cost and adjusted thereafter for the post-acquisition change in the City's share of net assets of the associate. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

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

## **NOTE 26: RELATED PARTY TRANSACTIONS**

## **Elected Members Remuneration**

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

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

## Key Management Personnel (KMP) Compensation Disclosure

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

## **NOTE 26: RELATED PARTY TRANSACTIONS**

#### Short-term employee benefits

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

## Post-employment benefits

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

## Other long-term benefits

These amounts represent long service benefits accruing during the year.

## **Related Parties**

## The City's main related parties are as follows:

#### i. Key management personnel

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

## ii. Entities subject to significant influence by the City

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

#### iii. Joint venture entities accounted for under the equity method

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

## Transactions with related parties

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

The following transactions occurred with related parties:

	2020-2021 Actual \$	2019-2020 Actual \$
Associated companies/indiv	iduals:	
Sale of goods and services	26,000	25,417

#### **NOTE 27: MAJOR LAND TRANSACTIONS**

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

## Melville City Centre Land Exchange, Booragoon

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

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

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

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

## Carawatha "Gallery" Residential Development Project, Willagee

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

## **NOTE 27: MAJOR LAND TRANSACTIONS**

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

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

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

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

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

#### **NOTE 28: FINANCIAL RISK MANAGEMENT**

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

Risk	Exposure Arising From	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables and financial assets	Aging analysis Credit analysis	Diversification of bank deposits, credit limits, investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of 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
	%	\$	\$	\$	\$
2021					
Cash And Cash Equivalents	0.03%	179,800,455	162,098,466	17,695,938	6,050
- Term Deposits	0.59%	162,098,466	162,098,466	-	-
2020					
Cash and cash equivalents	1.01%	179,275,996	172,369,681	6,899,964	6,350
- Term Deposits	1.41%	172,369,681	172,369,681	-	-

## Sensitivity

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

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

#### **NOTE 28: FINANCIAL RISK MANAGEMENT**

#### (b) Credit Risk

#### **Trade Receivables**

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

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

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

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

The expected loss from rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss from rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment of rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. Re-negotiation of repayment terms is expected due to the COVID-19 pandemic.

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

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

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Sundry Receivable					
Expected Credit Loss	0.00%	0.00%	0.00%	67.94%	41.42%
Gross Carrying Amount	-	254,299	94,706	545,224	894,229
Loss Allowance	-	-		370,398	370,398
30 June 2020					
Sundry Receivable					
Expected Credit Loss	0.00%	0.00%	0.00%	42.26%	27.40%
Gross Carrying Amount	29,599	161,618	255,261	823,088	1,269,566
Loss Allowance	-	-		347,831	347,831

#### NOTE 28: FINANCIAL RISK MANAGEMENT

#### **Contract Assets**

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

#### (c) Liquidity Risk

## Payables, Borrowings and Other Financial Liability

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

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

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

#### NOTE 29: INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

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

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

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

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

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

#### NOTE 31: OTHER SIGNIFICANT ACCOUNTING POLICIES

## Goods and Services Tax (GST)

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

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

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

#### **Current and Non-Current Classification**

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

## **Rounding Off Figures**

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

## **Comparative Figures**

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

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

#### **Budget Comparative Figures**

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

#### Superannuation

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

#### Fair Value of Assets and Liabilities

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

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

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

#### NOTE 31: OTHER SIGNIFICANT ACCOUNTING POLICIES

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

#### Fair Value Hierarchy

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

#### Level 1

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

#### Level 2

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

#### Level 3

Measurement based on unobservable inputs for the asset or liability.

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

#### **Valuation Techniques**

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

### **Market Approach**

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

## **Income Approach**

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

#### **Cost Approach**

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

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

#### NOTE 31: OTHER SIGNIFICANT ACCOUNTING POLICIES

#### Impairment of Assets

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

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

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

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

#### Leases

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

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

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

#### Right-of-use assets - valuation

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

## Right-of-use assets - depreciation

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

## **NOTE 32: PROGRAM / SUB-PROGRAM**

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

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

**NOTE 33: FINANCIAL RATIOS** 

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

## **Current Ratio**

Measures the short term (unrestricted) liquidity.

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

Current assets minus restricted current assets

Current liabilities minus restricted liabilities associated with restricted assets

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

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

## **NOTE 33: FINANCIAL RATIOS**

## **Asset Consumption Ratio**

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

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

Depreciated Replacement Cost of Depreciable Assets

Current Replacement Cost of Depreciable Assets

\$ 559.830 million

\$1,057.098 million

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

## **Asset Renewal Funding Ratio**

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

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

NPV of Planned Capital Renewals Over 10 years

NPV of Required Capital Expenditure Over 10 Years

\$180.933 million

\$180.933 million

[Numbers taken from the Long Term Financial Plan]

## **NOTE 33: FINANCIAL RATIOS**

## **Asset Sustainability Ratio**

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

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

Capital renewal and replacement expenditure

Depreciation Expense

\$33.352 million

\$22.519 million

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

#### **Debt Service Cover Ratio**

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

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

Annual Operating Surplus before interest and depreciation Principal and Interest

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

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

## **NOTE 33: FINANCIAL RATIOS**

## **Operating Surplus Ratio**

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

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

Operating Revenue minus Operating Expense

Own Source Operating Revenue

\$109.543 - \$109.235= \$0.308 million

\$104.350 million

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

## **Own Source Revenue Coverage Ratio**

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

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

Own Source Operating Revenue

Operating Expense

\$104.350 million

\$109.235 million

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