



City of  
**Melville**



**City of Melville**

# Annual Financial Report

**2016-2017** Part B

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## **Notes to and forming part of the Financial Report:**

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

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of City of Melville, which comprises the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in equity, statement of cash flows, and rate setting statement for the year then ended, and notes comprising a summary of the significant accounting policies and other explanatory information to the financial report and the statement by the Chief Executive Officer.

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

- a presents fairly, in all material respects, the City of Melville's financial position as at 30 June 2017 and of its performance and cash flows for the year then ended;
- b complies with Australian Accounting Standards (including the Australian Accounting Interpretations); and
- c is prepared in accordance with the requirements of the Local Government Act 1995 (as amended) and Regulations under that Act.

#### Basis for Opinion

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

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

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**Responsibility of Council for the Financial Report**

The Council of the City of Melville is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Local Government Act 1995. This responsibility includes such internal controls as Council determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Council of City of Melville is responsible for assessing the Council'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the Financial Report**

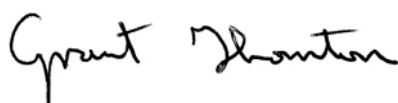
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

**Other Matter**

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



GRANT THORNTON AUDIT PTY LTD.  
Chartered Accountants



P W Warr  
Partner - Audit & Assurance

Perth, 31 October 2017



**CITY OF MELVILLE**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

**LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

**STATEMENT BY THE CHIEF EXECUTIVE OFFICER**

The attached financial report of the City of Melville being the Annual Financial Report and Supporting Notes and other information for the financial year ended 30<sup>th</sup> June 2017 are in my opinion properly drawn up to present fairly the financial position of the City of Melville at 30<sup>th</sup> June 2017 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the *Local Government Act 1995* and the *Regulations* under that Act.

Signed as authorisation of issue on the 31st day of October 2017

**Christine Young**  
**ACTING CHIEF EXECUTIVE OFFICER**



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

Correspondence to:  
PO Box 570  
West Perth WA 6872

Dear Patrick,

**Audit for the year ended 30 June 2017**

This representation letter is provided in connection with your audit of the financial report of City of Melville ("Entity") for the financial year ended 30 June 2017, for the purpose of you expressing an opinion as to whether the financial report is, presented fairly in accordance with the Australian Accounting Standards including the Australian Accounting Interpretations, the Local Government Act 1995 and other relevant legislation.

We acknowledge our responsibility for ensuring that the financial report is in accordance with Accounting Standards (including Australian Accounting Interpretations), and the Local Government Act 1995 Part 6 (as amended) and the Regulations under this Act and confirm that the financial report is free of material misstatement, including omissions and that we have approved the financial report.

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

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

**General**

1 We have made available to you:

- a all financial records and related data, other information, explanations and assistance necessary for the conduct of the audit; and



- b minutes of all meetings of the Council and the Audit and Risk Committee.
- 2 There are no material transactions that have not been properly recorded in the accounting records underlying the financial report.
- 3 We confirm that there have been no changes to the accounting policies applied in the previous annual financial report or the methods used in applying them, other than those disclosed in the financial report.
- 4 We have established and maintained adequate internal control to facilitate the preparation of a reliable financial report, and adequate financial records have been properly maintained.
- 5 We have no plans or intentions that may materially affect the carrying values, or classifications of assets and liabilities.
- 6 We confirm the appropriateness of the measurement of accounting estimates, including related assumptions, used in the preparation of the financial report and the consistency in application of the processes.
- 7 The following have been properly recorded or disclosed in the financial report
  - a share options, warrants, conversion or other requirements;
  - b arrangements involving restrictions on cash balances, compensating balances and line of credit or similar arrangements; and
  - c agreements to repurchase assets previously disposed.
- 8 We confirm the reasonableness of significant assumptions, including whether they appropriately reflect management's intention and ability to carry out specific courses of action on behalf of City of Melville where relevant to the fair value measurement or disclosures.
- 9 Other than as disclosed to you, there have been no:
  - a irregularities involving management or employees who have significant roles in the system of internal control structure;
  - b irregularities involving other employees, that could have a material effect on the financial report;
  - c communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report; or



- d known actual or possible non-compliance with laws and regulations.
- 10 Details have been furnished to you about all material contracts that may affect the financial report for the year ended 30 June 2017 or that have become effective since that date.
- 11 We are not aware of any pending litigation involving the Entity other than the matters disclosed in the financial report.
- 12 All contingent liabilities have been provided for or noted in the financial report.
- 13 There were no material commitments for goods or services or purchase commitments in excess of normal requirements or at prices in excess of the prevailing market prices at year end, other than disclosed in the financial report.
- 14 There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.

#### **Capital management**

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

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

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

#### **Fraud and error**

- 17 We have disclosed to you:
  - a the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
  - b our knowledge of fraud or suspected fraud affecting the entity involving:
    - i management
    - ii employees who have significant roles in internal control

- iii others where the fraud could have a material effect in the financial report
  - c our knowledge of any allegations of fraud or suspected fraud, affecting City of Melville's financial report communicated to us by employees, former employees, analysts, regulators or others.
- 18 We acknowledge our responsibility for the design and implementation of internal control to prevent and detect fraud and error.

### **Assets**

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

### **Impairment of assets**

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

### **Property, plant and equipment**

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



- 26 We confirm that investment properties reported at \$61.2m are reported at Fair Value pursuant to AASB140 Investment Properties.

#### **Inventory**

- 27 Inventories in the balance sheet comprise the whole of the Entity inventories and work in progress wherever situated and stocks held on consignment from or on behalf of other parties have been excluded.
- 28 We have made provision for all expected future losses on contracts entered into at the reporting date, based on estimated costs to complete, including appropriate overhead expenditure.
- 29 Full provision has been made in respect of all defective, obsolete or slow moving inventory.
- 30 Included in non-current assets is "Investment Property" for \$61,195,789 and "Other Financial Assets" \$6,637,672. I confirm that this asset is held at the lower of cost or net realisable value, pursuant to AASB 102.

#### **Receivables**

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

#### **Insurance**

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

#### **Financial assets**

- 34 The sensitivity analysis disclosed in the financial report for foreign exchange risk, interest rate risk and other price risk are all based upon reasonably possible fluctuations in currencies, interest rates and prices for the period until the next annual financial report is expected to be signed.
- 35 All quantitative disclosures in the financial report relating to risk exposures in respect of financial instruments at reporting date are representative of exposures during the financial year.



- 36 All concentrations of credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk) have been properly disclosed in the financial report.
- 37 Disclosures relating to processes for managing risk in relation to financial instruments reflect actual processes in place during the reporting period.
- 38 All information regarding transactions involving trading with derivatives has been made available to you. All derivatives have been marked to market at the year end and recorded at this value in the financial report.

### **Liabilities**

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

### **Bank facilities**

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

### **Taxation**

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

- 48 We confirm there are no disputes with any taxation authorities whose effects should be considered for disclosure in the financial report or as a basis for recording an expense.

#### **Related parties**

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

#### **Revenue**

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

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

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

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

#### **Going concern**

- 52 We have made an assessment of the City of Melville's ability to continue as a going concern when preparing the financial report. We are not aware of any



material uncertainties related to events or conditions that may cast significant doubt upon the City of Melville's ability to continue as a going concern.

**Legal matters**

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

**Audit adjustments**

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

Yours sincerely

City of Melville

Name: Marten Tieleman

Title: Director Corporate Services

Name: Christine Young

Title: Acting Chief Executive Officer

Dated this    day of    31 October 2017

**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE & TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2017**

|  | <b>Note</b> | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|--|-------------|------------------------------------|------------------------------------|------------------------------------|
| <b>Revenue</b>   |             |                                    |                                    |                                    |
| Rates  | 17          | 83,496,781                         | 83,750,798                         | 82,257,856                         |
| Operating Grants, Subsidies and Contributions            | 22          | 5,483,556                          | 3,680,028                          | 2,215,270                          |
| Fees & Charges   | 20          | 15,670,112                         | 15,234,506                         | 15,557,906                         |
| Service Charges  | 21          | 7,538,310                          | 8,454,486                          | 5,401,574                          |
| Interest Earnings  | 2(a)(ii)    | 4,680,194                          | 2,945,195                          | 4,553,110                          |
| Other Revenue  |             | 2,682,061                          | 2,041,398                          | 2,916,171                          |
|  |             | <b>119,551,014</b>                 | <b>116,106,411</b>                 | <b>112,901,887</b>                 |
| <b>Expenses</b>  |             |                                    |                                    |                                    |
| Employee Costs   |             | (44,795,325)                       | (46,032,349)                       | (43,840,018)                       |
| Materials & Contracts                                    |             | (29,309,083)                       | (28,955,970)                       | (27,240,762)                       |
| Utilities  |             | (3,997,916)                        | (4,079,640)                        | (3,811,776)                        |
| Insurance  |             | (1,081,615)                        | (1,451,705)                        | (1,228,341)                        |
| Depreciation   | 2(a)(i)     | (15,029,571)                       | (13,833,803)                       | (13,872,835)                       |
| Finance Costs  | 2(a)(i)     | (172,249)                          | (185,546)                          | (204,067)                          |
| Other Expenditure  |             | (7,406,132)                        | (6,693,442)                        | (7,447,242)                        |
|  |             | <b>(101,791,891)</b>               | <b>(101,232,455)</b>               | <b>(97,645,041)</b>                |
| <b>Non-Operating Grants, Subsidies and Contributions</b> |             |                                    |                                    |                                    |
| Non-Operating Grants, Subsidies and Contributions        | 22          | 3,806,299                          | 3,320,764                          | 3,153,158                          |
|  |             | <b>3,806,299</b>                   | <b>3,320,764</b>                   | <b>3,153,158</b>                   |
| <b>Profit/(Loss) on Disposal of Assets</b>               | 12(f)       |                                    |                                    |                                    |
| Profit on Asset Disposals                                |             | -                                  | 63,000                             | -                                  |
| Loss on Asset Disposals                                  |             | (147,139)                          | -                                  | (283,730)                          |
|  |             | <b>(147,139)</b>                   | <b>63,000</b>                      | <b>(283,730)</b>                   |
| <b>Other Revenue / (Expenses)</b>                        |             |                                    |                                    |                                    |
| Investment Gains / (Losses)                              |             | 228,908                            | -                                  | 6,342,700                          |
| Profit / (Loss) - Share of SMRC net result               | 27          | (100,228)                          | -                                  | (2,460,647)                        |
|  |             | <b>128,680</b>                     | <b>-</b>                           | <b>3,882,053</b>                   |
| <b>Net Result</b>  |             | <b>21,546,963</b>                  | <b>18,257,720</b>                  | <b>22,008,327</b>                  |
| <b>Other Comprehensive Income</b>                        |             |                                    |                                    |                                    |
| Changes on Revaluation of non-Current Assets             | 12(g)       | 11,830,840                         | -                                  | 43,566,129                         |
| Share of Revaluation of SMRC Non Current Assets          | 27          | 470,205                            | -                                  | -                                  |
| <b>Total Other Comprehensive Income</b>                  |             | <b>12,301,045</b>                  | <b>-</b>                           | <b>43,566,129</b>                  |
| <b>TOTAL COMPREHENSIVE INCOME</b>                        |             | <b>33,848,008</b>                  | <b>18,257,720</b>                  | <b>65,574,456</b>                  |

**STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30 JUNE 2017**

|  | <i>Note</i> | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|--|-------------|------------------------------------|------------------------------------|------------------------------------|
| <b>Revenue</b>   |             |                                    |                                    |                                    |
| Governance   |             | 45,275                             | 900                                | 127,500                            |
| General Purpose Funding                                  |             | 98,703,351                         | 96,681,968                         | 91,908,883                         |
| Law, Order, Public Safety                                |             | 2,641,437                          | 2,509,843                          | 2,610,602                          |
| Health   |             | 307,179                            | 349,360                            | 365,030                            |
| Education & Welfare                                      |             | 277,078                            | 228,373                            | 257,986                            |
| Housing  |             | 105,568                            | 115,507                            | 70,150                             |
| Community Amenities                                      |             | 3,387,472                          | 3,116,387                          | 3,774,600                          |
| Recreation and Culture                                   |             | 8,448,703                          | 8,469,621                          | 7,992,188                          |
| Transport  |             | 1,341,135                          | 1,341,023                          | 1,304,775                          |
| Economic Services  |             | 3,366,324                          | 2,773,415                          | 3,327,179                          |
| Other Property and Services                              |             | 927,492                            | 520,014                            | 1,162,994                          |
|  |             | <b>119,551,014</b>                 | <b>116,106,411</b>                 | <b>112,901,887</b>                 |
| <b>Expenses</b>  |             |                                    |                                    |                                    |
| Governance   |             | (3,384,133)                        | (4,110,317)                        | (3,861,699)                        |
| General Purpose Funding                                  |             | (7,006,667)                        | (6,919,538)                        | (5,163,507)                        |
| Law, Order, Public Safety                                |             | (3,948,715)                        | (4,051,723)                        | (4,038,718)                        |
| Health   |             | (1,052,374)                        | (1,115,196)                        | (1,023,369)                        |
| Education & Welfare                                      |             | (2,568,506)                        | (2,650,229)                        | (2,684,644)                        |
| Housing  |             | (67,786)                           | (61,521)                           | (52,889)                           |
| Community Amenities                                      |             | (24,033,762)                       | (24,619,692)                       | (24,437,283)                       |
| Recreation and Culture                                   |             | (30,059,291)                       | (28,525,286)                       | (28,933,081)                       |
| Transport  |             | (17,420,978)                       | (15,078,944)                       | (14,960,417)                       |
| Economic Services  |             | (2,587,365)                        | (2,174,143)                        | (2,666,306)                        |
| Other Property and Services                              |             | (9,490,065)                        | (11,740,320)                       | (9,619,061)                        |
|  |             | <b>(101,619,642)</b>               | <b>(101,046,909)</b>               | <b>(97,440,974)</b>                |
| <b>Finance Costs</b>                                     |             |                                    |                                    |                                    |
| Recreation and Culture                                   | 2(a)(i)     | (172,249)                          | (185,546)                          | (204,067)                          |
|  |             | <b>(172,249)</b>                   | <b>(185,546)</b>                   | <b>(204,067)</b>                   |
| <b>Non-Operating Grants, Subsidies and Contributions</b> | 22          |                                    |                                    |                                    |
| Community Amenities                                      |             | 90,662                             | 20,000                             | 80,000                             |
| Recreation and Culture                                   |             | 324,745                            | -                                  | 194,482                            |
| Transport  |             | 3,390,892                          | 3,300,764                          | 2,878,676                          |
|  |             | <b>3,806,299</b>                   | <b>3,320,764</b>                   | <b>3,153,158</b>                   |

**STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30 JUNE 2017**

|   | <i>Note</i> | <i>2016-2017<br/>Actual<br/>\$</i> | <i>2016-2017<br/>Budget<br/>\$</i> | <i>2015-2016<br/>Actual<br/>\$</i> |
|---|-------------|------------------------------------|------------------------------------|------------------------------------|
| <b>Profit/(Loss) on Disposal of Assets</b>      | 12(f)       |                                    |                                    |                                    |
| Governance                                      |             | -                                  | -                                  | (20,451)                           |
| Community Amenities                             |             | -                                  | -                                  | (3,251)                            |
| Recreation and Culture                          |             | (48,118)                           | -                                  | (9,669)                            |
| Other Property and Services                     |             | (99,021)                           | 63,000                             | (250,359)                          |
|   |             | <b>(147,139)</b>                   | <b>63,000</b>                      | <b>(283,730)</b>                   |
| <b>Other Revenue / (Expenses)</b>               |             |                                    |                                    |                                    |
| Investment Gains / (Losses)                     |             | 228,908                            | -                                  | 6,342,700                          |
| Profit / (Loss) - Share of SMRC net result      | 27          | (100,228)                          | -                                  | (2,460,647)                        |
|   |             | <b>128,680</b>                     | <b>-</b>                           | <b>3,882,053</b>                   |
| <b>Net Result</b>                               |             | <b>21,546,963</b>                  | <b>18,257,720</b>                  | <b>22,008,327</b>                  |
| <b>Other Comprehensive Income</b>               |             |                                    |                                    |                                    |
| Changes on Revaluation of non-Current Assets    | 12(g)       | 11,830,840                         | -                                  | 43,566,129                         |
| Share of Revaluation of SMRC Non Current Assets | 27          | 470,205                            | -                                  | -                                  |
| <b>Total Other Comprehensive Income</b>         |             | <b>12,301,045</b>                  | <b>-</b>                           | <b>43,566,129</b>                  |
| <b>TOTAL COMPREHENSIVE INCOME</b>               |             | <b>33,848,008</b>                  | <b>18,257,720</b>                  | <b>65,574,456</b>                  |

**RATE SETTING STATEMENT BY PROGRAM  
FOR THE YEAR ENDED 30 JUNE 2017**

|   | <i>Note</i> | <i>2016-2017<br/>Actual<br/>\$</i> | <i>2016-2017<br/>Budget<br/>\$</i> | <i>2015-2016<br/>Actual<br/>\$</i> |
|---|-------------|------------------------------------|------------------------------------|------------------------------------|
| <b>Net current assets at start of financial year - surplus/(deficit)</b>  | 5           | 2,942,921                          | 150,000                            | 4,484,869                          |
| <b>OPERATING ACTIVITIES</b>   |             |                                    |                                    |                                    |
| <b>Revenue from operating activities (excluding rates and non-operating grant, subsidies and contributions)</b> |             |                                    |                                    |                                    |
| Governance  |             | 45,275                             | 900                                | 127,500                            |
| General Purpose Funding   |             | 15,206,570                         | 12,931,170                         | 9,651,027                          |
| Law, Order, Public Safety   |             | 2,641,437                          | 2,509,843                          | 2,610,602                          |
| Health  |             | 307,179                            | 349,360                            | 365,030                            |
| Education & Welfare   |             | 277,078                            | 228,373                            | 257,986                            |
| Housing   |             | 105,568                            | 115,507                            | 70,150                             |
| Community Amenities   |             | 3,387,472                          | 3,136,387                          | 3,854,600                          |
| Recreation and Culture  |             | 8,248,594                          | 8,469,621                          | 8,147,138                          |
| Transport   |             | 1,341,135                          | 1,321,023                          | 1,048,954                          |
| Economic Services   |             | 3,366,324                          | 2,773,415                          | 3,327,179                          |
| Other Property and Services   |             | 1,437,585                          | 583,014                            | 5,067,912                          |
|   |             | <b>36,364,217</b>                  | <b>32,418,613</b>                  | <b>34,528,078</b>                  |
| <b>Expenditure from operating activities</b>  |             |                                    |                                    |                                    |
| Governance  |             | (3,384,132)                        | (4,110,317)                        | (3,861,699)                        |
| General Purpose Funding   |             | (7,006,666)                        | (6,919,538)                        | (5,163,507)                        |
| Law, Order, Public Safety   |             | (3,948,715)                        | (4,051,722)                        | (4,038,718)                        |
| Health  |             | (1,052,374)                        | (1,115,196)                        | (1,023,369)                        |
| Education & Welfare   |             | (2,568,506)                        | (2,650,229)                        | (2,684,644)                        |
| Housing   |             | (67,786)                           | (61,521)                           | (52,889)                           |
| Community Amenities   |             | (24,033,762)                       | (24,619,692)                       | (24,437,284)                       |
| Recreation and Culture  |             | (29,946,518)                       | (28,710,832)                       | (29,137,149)                       |
| Transport   |             | (17,420,978)                       | (15,078,943)                       | (14,960,417)                       |
| Economic Services   |             | (2,587,366)                        | (2,174,143)                        | (2,666,306)                        |
| Other Property and Services   |             | (10,800,692)                       | (11,740,321)                       | (11,029,825)                       |
|   |             | <b>(102,817,495)</b>               | <b>(101,232,454)</b>               | <b>(99,055,807)</b>                |
| <b>Operating activities excluded from budget</b>  |             |                                    |                                    |                                    |
| (Profit)/Loss on asset disposals  | 12(f)       | 147,139                            | (63,000)                           | 283,730                            |
| Depreciation on Assets  | 2(a)(i)     | 15,029,571                         | 13,833,803                         | 13,872,835                         |
| Plant Investment Provision  |             | 1,163,488                          | 360,986                            | 1,125,045                          |
| Net Movement in Deferred Pensioner Rates/ESL (non-current)  |             | (144,628)                          | -                                  | 7,190                              |
| Net Current Movement in Other Debtor/Creditors  |             | (3,327)                            | -                                  | 18,433                             |
| Movement in Employee Benefit Provisions (non-current)   |             | 309,965                            | -                                  | (39,989)                           |
| <b>Amount attributable to operating activities</b>  |             | <b>(47,008,149)</b>                | <b>(54,532,052)</b>                | <b>(44,775,616)</b>                |

**RATE SETTING STATEMENT BY PROGRAM  
FOR THE YEAR ENDED 30 JUNE 2017**

|  | <b>Note</b> | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|--|-------------|------------------------------------|------------------------------------|------------------------------------|
| <b>INVESTING ACTIVITIES</b>  |             |                                    |                                    |                                    |
| Non-operating grants, subsidies and contributions                      | 22          | 3,806,299                          | 3,320,764                          | 3,153,158                          |
| Proceeds from disposal of assets                                       | 12(f)       | 342,158                            | 755,345                            | 583,277                            |
| Purchase of Furniture and Equipment                                    | 12(g)       | (36,396)                           | (1,454,494)                        | (709,824)                          |
| Purchase of Plant and Equipment  | 12(g)       | (4,129,276)                        | (2,441,631)                        | (1,906,728)                        |
| Purchase of Land and Buildings   | 12(g)       | (6,973,052)                        | (3,786,000)                        | (9,167,626)                        |
| Purchase of Infrastructure Assets                                      | 12(g)       | (13,313,963)                       | (15,935,141)                       | (12,451,323)                       |
| Movement in Work In Progress   | 12(g)       | 66,780                             | -                                  | (65,350)                           |
| <b>Amount attributable to investing activities</b>                     |             | <b>(20,237,450)</b>                | <b>(19,541,157)</b>                | <b>(20,564,416)</b>                |
| <b>FINANCING ACTIVITIES</b>  |             |                                    |                                    |                                    |
| Repayment of debentures  | 14          | (285,022)                          | (286,650)                          | (294,512)                          |
| Proceeds from self-supporting loans                                    |             | 288,904                            | 286,650                            | 294,918                            |
| (Increase)/Decrease in Equity - SMRC Joint Venture                     | 27          | (369,977)                          | -                                  | 2,460,647                          |
| Funds to be set aside  | 15          | (36,768,269)                       | (30,872,381)                       | (44,952,284)                       |
| Funds to be set aside - Investment Earnings                            | 15          | (3,500,089)                        | (2,304,163)                        | (3,235,835)                        |
| Funds to be used   | 15          | 27,412,687                         | 23,498,955                         | 31,752,164                         |
| <b>Amount attributable to financing activities</b>                     |             | <b>(13,221,766)</b>                | <b>(9,677,589)</b>                 | <b>(13,974,902)</b>                |
| <b>Budget deficiency before general rates</b>                          |             | <b>(80,467,365)</b>                | <b>(83,750,798)</b>                | <b>(79,314,935)</b>                |
| <b>Amount to be raised from general rates</b>                          | 17          | <b>83,496,781</b>                  | <b>83,750,798</b>                  | <b>82,257,856</b>                  |
| <b>Net current assets at end of financial year - surplus/(deficit)</b> | 5           | <b>3,029,416</b>                   | <b>-</b>                           | <b>2,942,921</b>                   |

Note: The Rate Setting format has changed from the previous year. Non Operating Grants, Subsidies and Contributions are now included in Investing Activities.

**RATE SETTING STATEMENT BY SUB-PROGRAM  
FOR THE YEAR ENDED 30 JUNE 2017**

|   | <i>Note</i> | <i>2016-2017<br/>Actual<br/>\$</i> | <i>2016-2017<br/>Budget<br/>\$</i> | <i>2015-2016<br/>Actual<br/>\$</i> |
|---|-------------|------------------------------------|------------------------------------|------------------------------------|
| <b>Net current assets at start of financial year - surplus/(deficit)</b>  | 5           | 2,942,921                          | 150,000                            | 4,484,869                          |
| <b>OPERATING ACTIVITIES</b>   |             |                                    |                                    |                                    |
| <b>Revenue from operating activities (excluding rates and non-operating grant, subsidies and contributions)</b> |             |                                    |                                    |                                    |
| Governance  |             |                                    |                                    |                                    |
| Other Governance  |             | 45,275                             | 900                                | 127,500                            |
| General Purpose Funding   |             |                                    |                                    |                                    |
| Rates   |             | 15,206,570                         | 12,931,170                         | 9,651,027                          |
| Law, Order, Public Safety   |             |                                    |                                    |                                    |
| Animal Control  |             | 289,405                            | 219,390                            | 325,541                            |
| Other Public Order, Fire & Safety   |             | 2,352,033                          | 2,290,453                          | 2,285,061                          |
| Health  |             |                                    |                                    |                                    |
| Preventive Services - Immunisation  |             | 27                                 | -                                  | 22                                 |
| Other Health  |             | 19,091                             | 60,000                             | 32,273                             |
| Preventive Services - Admin/Inspection  |             | 283,330                            | 289,360                            | 332,736                            |
| Preventive Services - Pest Control  |             | 4,731                              | -                                  | -                                  |
| Education & Welfare   |             |                                    |                                    |                                    |
| Aged & Disabled   |             | 64,656                             | 27,872                             | 49,432                             |
| Aged & Disabled - Senior Citizens Centres   |             | 25,979                             | 15,619                             | 20,566                             |
| Care of Families & Children   |             | 21,832                             | 22,492                             | 21,935                             |
| Other Education   |             | 28,672                             | 30,330                             | 30,474                             |
| Other Welfare   |             | 134,276                            | 130,395                            | 133,924                            |
| Pre-school  |             | 1,665                              | 1,665                              | 1,655                              |
| Housing   |             |                                    |                                    |                                    |
| Other Housing   |             | 105,568                            | 115,507                            | 70,150                             |
| Community Amenities   |             |                                    |                                    |                                    |
| Sanitation - Other  |             | 1,492,907                          | 1,317,154                          | 1,605,967                          |
| Sanitation - Household Refuse   |             | 286,101                            | 325,391                            | 627,859                            |
| Urban Stormwater Drainage   |             | 159                                | -                                  | -                                  |
| Town Planning & Regional Development  |             | 1,372,830                          | 1,284,737                          | 1,275,073                          |
| Other Community Amenities   |             | 157,281                            | 156,215                            | 181,816                            |
| Protection of Environment   |             | 78,193                             | 52,890                             | 163,885                            |
| Recreation and Culture  |             |                                    |                                    |                                    |
| Heritage  |             | 135,468                            | 203,841                            | 274,698                            |
| Libraries   |             | 78,440                             | 66,850                             | 68,171                             |
| Other Culture   |             | 98,487                             | 48,590                             | 115,181                            |
| Public Halls, Civic Centres   |             | 317,129                            | 247,145                            | 260,066                            |
| Swimming Areas and Beaches  |             | 4,623,368                          | 4,856,967                          | 4,700,449                          |
| Other Recreation & Sport  |             | 2,995,703                          | 3,046,228                          | 2,728,573                          |

**RATE SETTING STATEMENT BY SUB-PROGRAM  
FOR THE YEAR ENDED 30 JUNE 2017**

|   | <i>Note</i> | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|---|-------------|------------------------------------|------------------------------------|------------------------------------|
| Transport                                       |             |                                    |                                    |                                    |
| Parking Facilities                              |             | 968,670                            | 979,203                            | 660,199                            |
| Streets, Roads, Bridges, Depot                  |             | 291,626                            | 256,820                            | 300,542                            |
| Water Transport Facilities                      |             | 80,838                             | 85,000                             | 88,212                             |
| Economic Services                               |             |                                    |                                    |                                    |
| Building Control                                |             | 1,106,950                          | 1,013,813                          | 1,053,840                          |
| Tourism & Area Promotion                        |             | 554,142                            | 10,333                             | 481,972                            |
| Other Economic Services                         |             | 37,517                             | 56,000                             | 55,068                             |
| Economic Development                            |             | 1,530,560                          | 1,608,269                          | 1,606,647                          |
| Public Utility Services incl. Underground Power |             | 137,155                            | 85,000                             | 129,651                            |
| Other Property and Services                     |             |                                    |                                    |                                    |
| Plant Operations                                |             | 110,795                            | 94,646                             | 150,991                            |
| Private Works                                   |             | (112)                              | 3,000                              | 990                                |
| Public Works Overheads                          |             | 64,435                             | 8,618                              | 17,503                             |
| General Administration Overheads                |             | 418,932                            | 221,584                            | 724,262                            |
| Business Unit Operations                        |             | 843,533                            | 255,166                            | 4,174,167                          |
|   |             | <b>36,364,217</b>                  | <b>32,418,613</b>                  | <b>34,528,078</b>                  |
| <b>Expenditure from operating activities</b>    |             |                                    |                                    |                                    |
| Governance                                      |             |                                    |                                    |                                    |
| Members of Council                              |             | (1,211,798)                        | (1,289,833)                        | (1,209,454)                        |
| Other Governance                                |             | (2,121,419)                        | (2,781,140)                        | (2,359,100)                        |
| Balance Sheet                                   |             | (50,915)                           | (39,344)                           | (293,146)                          |
| General Purpose Funding                         |             |                                    |                                    |                                    |
| Rates   |             | (7,006,666)                        | (6,919,538)                        | (5,163,507)                        |
| Law, Order, Public Safety                       |             |                                    |                                    |                                    |
| Animal Control                                  |             | (269,393)                          | (216,767)                          | (353,841)                          |
| Other Public Order, Fire & Safety               |             | (3,679,322)                        | (3,834,955)                        | (3,684,877)                        |
| Health  |             |                                    |                                    |                                    |
| Maternal & Infant Health                        |             | (8,048)                            | (12,573)                           | (16,768)                           |
| Preventive Services - Immunisation              |             | (7,643)                            | (7,981)                            | (8,033)                            |
| Other Health                                    |             | (51,474)                           | (103,400)                          | (85,841)                           |
| Preventive Services - Admin/Inspection          |             | (964,356)                          | (972,888)                          | (895,495)                          |
| Preventive Services - Pest Control              |             | (20,854)                           | (18,354)                           | (17,231)                           |
| Education & Welfare                             |             |                                    |                                    |                                    |
| Aged & Disabled                                 |             | (236,634)                          | (274,230)                          | (234,658)                          |
| Aged & Disabled - Other                         |             | (123,053)                          | (112,320)                          | (114,142)                          |
| Aged & Disabled - Meals on Wheels               |             | -                                  | -                                  | (16,714)                           |
| Aged & Disabled - Senior Citizens Centres       |             | (78,873)                           | (60,388)                           | (70,205)                           |
| Care of Families & Children                     |             | (1,480,091)                        | (1,519,866)                        | (1,582,910)                        |
| Other Education                                 |             | (389,231)                          | (410,076)                          | (392,351)                          |
| Other Welfare                                   |             | (254,598)                          | (265,589)                          | (265,746)                          |
| Pre-school                                      |             | (6,025)                            | (7,760)                            | (7,919)                            |

**RATE SETTING STATEMENT BY SUB-PROGRAM  
FOR THE YEAR ENDED 30 JUNE 2017**

|  | <i>Note</i> | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|--|-------------|------------------------------------|------------------------------------|------------------------------------|
| Housing  |             |                                    |                                    |                                    |
| Other Housing  |             | (67,786)                           | (61,521)                           | (52,889)                           |
| Community Amenities  |             |                                    |                                    |                                    |
| Sanitation - Other   |             | (2,877,837)                        | (3,277,523)                        | (3,001,436)                        |
| Sanitation - Household Refuse                              |             | (14,310,678)                       | (14,749,989)                       | (14,037,961)                       |
| Urban Stormwater Drainage                                  |             | (681,220)                          | (694,050)                          | (595,477)                          |
| Town Planning & Regional Development                       |             | (3,179,452)                        | (3,258,151)                        | (3,069,462)                        |
| Other Community Amenities                                  |             | (434,490)                          | (64,026)                           | (606,072)                          |
| Protection of Environment                                  |             | (2,550,084)                        | (2,575,953)                        | (3,126,877)                        |
| Recreation and Culture                                     |             |                                    |                                    |                                    |
| Heritage   |             | (490,182)                          | (480,553)                          | (446,408)                          |
| Libraries  |             | (4,625,929)                        | (4,822,330)                        | (4,718,533)                        |
| Other Culture  |             | (1,474,361)                        | (1,672,555)                        | (1,865,614)                        |
| Public Halls, Civic Centres                                |             | (620,362)                          | (629,816)                          | (599,819)                          |
| Swimming Areas and Beaches                                 |             | (5,656,148)                        | (5,417,218)                        | (5,448,270)                        |
| Other Recreation & Sport                                   |             | (17,079,536)                       | (15,688,360)                       | (16,058,505)                       |
| Transport  |             |                                    |                                    |                                    |
| Parking Facilities   |             | (461,556)                          | (404,566)                          | (442,365)                          |
| Streets, Roads, Bridges, Depot                             |             | (16,830,528)                       | (14,640,008)                       | (14,479,649)                       |
| Water Transport Facilities                                 |             | (128,894)                          | (34,369)                           | (38,403)                           |
| Economic Services  |             |                                    |                                    |                                    |
| Building Control   |             | (1,814,558)                        | (1,860,105)                        | (2,056,085)                        |
| Tourism & Area Promotion                                   |             | (625,980)                          | (212,167)                          | (514,841)                          |
| Other Economic Services                                    |             | (9,091)                            | (10,000)                           | (9,091)                            |
| Economic Development                                       |             | (133,146)                          | (87,871)                           | (78,552)                           |
| Public Utility Services incl. Underground Power            |             | (4,593)                            | (4,000)                            | (7,736)                            |
| Other Property and Services                                |             |                                    |                                    |                                    |
| Plant Operations   |             | (181,739)                          | (93,016)                           | (255,230)                          |
| Private Works  |             | -                                  | (3,000)                            | (296)                              |
| Public Works Overheads                                     |             | (905,522)                          | (900,366)                          | (987,165)                          |
| Salaries and Wages   |             | -                                  | (180,000)                          | -                                  |
| Unclassified   |             | -                                  | -                                  | 26,948                             |
| General Administration Overheads                           |             | (1,917,535)                        | (2,099,991)                        | (5,353,984)                        |
| Business Unit Operations                                   |             | (7,795,895)                        | (8,463,948)                        | (4,460,096)                        |
|  |             | <b>(102,817,495)</b>               | <b>(101,232,454)</b>               | <b>(99,055,806)</b>                |
| <b>Operating activities excluded from budget</b>           |             |                                    |                                    |                                    |
| (Profit)/Loss on asset disposals                           | 12(f)       | 147,139                            | (63,000)                           | 283,730                            |
| Depreciation on Assets                                     | 2(a)(i)     | 15,029,571                         | 13,833,803                         | 13,872,835                         |
| Plant Investment Provision                                 |             | 1,163,488                          | 360,986                            | 1,125,045                          |
| Net Movement in Deferred Pensioner Rates/ESL (non-current) |             | (144,628)                          | -                                  | 7,190                              |
| Net Current Movement in Other Debtor/Creditors             |             | (3,327)                            | -                                  | 18,432                             |
| Movement in Employee Benefit Provisions (non-current)      |             | 309,965                            | -                                  | (39,989)                           |
| <b>Amount attributable to operating activities</b>         |             | <b>(47,008,149)</b>                | <b>(54,532,052)</b>                | <b>(44,775,616)</b>                |

**RATE SETTING STATEMENT BY SUB-PROGRAM  
FOR THE YEAR ENDED 30 JUNE 2017**

|  | <i>Note</i> | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|--|-------------|------------------------------------|------------------------------------|------------------------------------|
| <b>INVESTING ACTIVITIES</b>  |             |                                    |                                    |                                    |
| Non-operating grants, subsidies and contributions                      | 22          | 3,806,299                          | 3,320,764                          | 3,153,158                          |
| Proceeds from disposal of assets                                       | 12(f)       | 342,158                            | 755,345                            | 583,277                            |
| Purchase of Furniture and Equipment                                    | 12(g)       | (482,373)                          | (1,454,494)                        | (709,824)                          |
| Purchase of Plant and Equipment  | 12(g)       | (2,842,898)                        | (2,441,631)                        | (1,906,728)                        |
| Purchase of Land and Buildings   | 12(g)       | (6,965,872)                        | (3,786,000)                        | (9,167,626)                        |
| Purchase of Infrastructure Assets                                      | 12(g)       | (14,161,544)                       | (15,935,141)                       | (12,451,323)                       |
| Movement in Work In Progress   | 12(g)       | 66,780                             | -                                  | (65,350)                           |
| <b>Amount attributable to investing activities</b>                     |             | <b>(20,237,450)</b>                | <b>(19,541,157)</b>                | <b>(20,564,416)</b>                |
| <b>FINANCING ACTIVITIES</b>  |             |                                    |                                    |                                    |
| Repayment of debentures  | 14          | (285,022)                          | (286,650)                          | (294,512)                          |
| Proceeds from self-supporting loans                                    |             | 288,904                            | 286,650                            | 294,918                            |
| (Increase)/Decrease in Equity - SMRC Joint Venture                     | 27          | (369,977)                          | -                                  | 2,460,647                          |
| Funds to be set aside  | 15          | (36,768,269)                       | (30,872,381)                       | (44,952,284)                       |
| Funds to be set aside - Investment Earnings                            | 15          | (3,500,089)                        | (2,304,163)                        | (3,235,835)                        |
| Funds to be used   | 15          | 27,412,687                         | 23,498,955                         | 31,752,164                         |
| <b>Amount attributable to financing activities</b>                     |             | <b>(13,221,766)</b>                | <b>(9,677,589)</b>                 | <b>(13,974,902)</b>                |
| <b>Budget deficiency before general rates</b>                          |             | <b>(80,467,365)</b>                | <b>(83,750,798)</b>                | <b>(79,314,935)</b>                |
| <b>Amount to be raised from general rates</b>                          | 17          | <b>83,496,781</b>                  | <b>83,750,798</b>                  | <b>82,257,856</b>                  |
| <b>Net current assets at end of financial year - surplus/(deficit)</b> | 5           | <b>3,029,416</b>                   | <b>-</b>                           | <b>2,942,921</b>                   |

Note: The Rate Setting format has changed from the previous year. Non Operating Grants, Subsidies and Contributions are now included in Investing Activities.

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2017**

|                                      | <i>Note</i> | <i>2016-2017<br/>Actual<br/>\$</i> | <i>2015-2016<br/>Actual<br/>\$</i> |
|--------------------------------------|-------------|------------------------------------|------------------------------------|
| <b>Current Assets</b>                |             |                                    |                                    |
| Cash & Cash Equivalents              | 3           | 133,971,994                        | 118,784,310                        |
| Trade & Other Receivables            | 8           | 7,231,770                          | 10,351,827                         |
| Inventories                          | 9           | 105,406                            | 107,784                            |
| Other Assets                         | 9           | 745,357                            | 413,948                            |
| <b>Total Current Assets</b>          |             | <b>142,054,527</b>                 | <b>129,657,869</b>                 |
| <b>Non Current Assets</b>            |             |                                    |                                    |
| Trade & Other Receivables            | 8           | 3,885,793                          | 3,835,502                          |
| Property, Plant & Equipment          | 12(a,b)     | 716,747,351                        | 714,788,278                        |
| Infrastructure                       | 12(c,d)     | 359,491,144                        | 345,780,466                        |
| Investment Property                  | 12(e)       | 61,195,789                         | 56,167,662                         |
| Other Financial Assets               | 7           | 6,637,672                          | 6,267,695                          |
| <b>Total Non Current Assets</b>      |             | <b>1,147,957,749</b>               | <b>1,126,839,603</b>               |
| <b>TOTAL ASSETS</b>                  |             | <b>1,290,012,276</b>               | <b>1,256,497,472</b>               |
| <b>Current Liabilities</b>           |             |                                    |                                    |
| Trade & Other Payables               | 10          | 6,580,080                          | 7,054,999                          |
| Borrowings                           | 14          | 290,614                            | 281,299                            |
| Provisions                           | 11          | 7,105,435                          | 7,185,339                          |
| <b>Total Current Liabilities</b>     |             | <b>13,976,129</b>                  | <b>14,521,637</b>                  |
| <b>Non Current Liabilities</b>       |             |                                    |                                    |
| Trade & Other Payables               | 10          | 221,400                            | 224,726                            |
| Borrowings                           | 14          | 2,400,047                          | 2,494,383                          |
| Provisions                           | 11          | 872,612                            | 562,647                            |
| <b>Total Non Current Liabilities</b> |             | <b>3,494,059</b>                   | <b>3,281,756</b>                   |
| <b>TOTAL LIABILITIES</b>             |             | <b>17,470,188</b>                  | <b>17,803,393</b>                  |
| <b>NET ASSETS</b>                    |             | <b>1,272,542,088</b>               | <b>1,238,694,079</b>               |
| <b>Equity</b>                        |             |                                    |                                    |
| Retained Surplus                     |             | 306,318,688                        | 297,627,395                        |
| Reserves - Cash / Investment Backed  | 15          | 125,048,981                        | 112,193,310                        |
| Reserves - Asset Revaluation         | 15(a)       | 841,174,419                        | 828,873,374                        |
| <b>TOTAL EQUITY</b>                  |             | <b>1,272,542,088</b>               | <b>1,238,694,079</b>               |

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017**

|   | <i>Note</i> | <i>2016-2017<br/>Actual<br/>\$</i> | <i>2015-2016<br/>Actual<br/>\$</i> |
|---|-------------|------------------------------------|------------------------------------|
| <b>RESERVES CASH BACKED</b>               | 15          |                                    |                                    |
| Balance at beginning of year              |             | 112,193,310                        | 95,757,355                         |
| Transfer from accumulated surplus         |             | (27,412,687)                       | (31,752,163)                       |
| Transfer to accumulated surplus           |             | 40,268,358                         | 48,188,118                         |
| <b>Balance at end of reporting period</b> |             | <b>125,048,981</b>                 | <b>112,193,310</b>                 |
| <b>RESERVES OTHER</b>                     | 15(a)       |                                    |                                    |
| Asset Revaluation Reserve                 |             |                                    |                                    |
| Balance at beginning of year              |             | 828,873,374                        | 785,307,245                        |
| Revaluation of assets during year         |             | 12,301,045                         | 43,566,129                         |
| <b>Balance at end of reporting period</b> |             | <b>841,174,419</b>                 | <b>828,873,374</b>                 |
| <b>TOTAL RESERVES</b>                     |             | <b>966,223,400</b>                 | <b>941,066,684</b>                 |
| <b>RETAINED SURPLUS</b>                   |             |                                    |                                    |
| Balance at beginning of year              |             | 297,627,395                        | 292,055,023                        |
| Change in net results                     |             | 21,546,963                         | 22,008,327                         |
| Transfer from reserves                    |             | 27,412,688                         | 31,752,163                         |
| Transfer to reserves                      |             | (40,268,358)                       | (48,188,118)                       |
| <b>Balance at end of reporting period</b> |             | <b>306,318,688</b>                 | <b>297,627,395</b>                 |
| <b>TOTAL EQUITY</b>                       |             | <b>1,272,542,088</b>               | <b>1,238,694,079</b>               |

**STATEMENT OF CASHFLOW  
FOR THE YEAR ENDED 30 JUNE 2017**

|  | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|--|------------------------------------|------------------------------------|------------------------------------|
| <b>Cash Flows from Operating Activities</b>  |                                    |                                    |                                    |
| <b>Receipts</b>  |                                    |                                    |                                    |
| Rates  | 83,157,965                         | 83,750,798                         | 81,758,281                         |
| Fees and Charges   | 15,838,856                         | 16,623,822                         | 15,388,461                         |
| Service Charges  | 7,538,310                          | 8,454,486                          | 5,401,574                          |
| Interest Earnings  | 4,987,332                          | 2,945,195                          | 5,171,608                          |
| Operating Grants, Subsidies and Contributions  | 5,483,556                          | 3,680,028                          | 2,215,270                          |
| Goods and Services Tax   | 5,831,584                          | 205,000                            | 4,863,291                          |
| Other Revenue  | 4,838,573                          | 2,041,399                          | 3,030,770                          |
|  | <b>127,676,176</b>                 | <b>117,700,728</b>                 | <b>117,829,255</b>                 |
| <b>Payments</b>  |                                    |                                    |                                    |
| Employee Costs   | (44,390,553)                       | (46,032,349)                       | (44,468,843)                       |
| Materials and Contracts  | (29,872,924)                       | (28,907,350)                       | (23,433,436)                       |
| Utilities  | (3,997,916)                        | (4,079,640)                        | (3,811,776)                        |
| Insurance  | (1,081,615)                        | (1,451,705)                        | (1,228,341)                        |
| Finance Costs  | (188,879)                          | (185,546)                          | (951,379)                          |
| Goods and Services Tax   | (5,760,730)                        | (205,000)                          | (5,017,306)                        |
| Other Expenditure  | (7,124,437)                        | (6,693,445)                        | (7,428,809)                        |
|  | <b>(92,417,054)</b>                | <b>(87,555,035)</b>                | <b>(86,339,890)</b>                |
| <b>Net Cash Provided by Operating Activities</b>                                     | <b>35,259,122</b>                  | <b>30,145,693</b>                  | <b>31,489,365</b>                  |
| <b>Cash Flows from Investing Activities</b>  |                                    |                                    |                                    |
| Proceeds from Gain in Investments  | 228,908                            | -                                  | 3,565,878                          |
| Proceeds from Sale of Plant and Equipment  | 342,158                            | 755,345                            | 583,277                            |
| Non-Operating Grants, Subsidies and Contributions used for the Development of Assets | 3,806,299                          | 3,320,764                          | 3,153,158                          |
| Payments for Purchase of Property, Plant and Equipment                               | (11,138,723)                       | (7,682,125)                        | (11,784,178)                       |
| Payments for Construction of Infrastructure  | (13,313,962)                       | (15,935,141)                       | (12,451,323)                       |
| <b>Net Cash Used in Investing Activities</b>   | <b>(20,075,320)</b>                | <b>(19,541,157)</b>                | <b>(16,933,187)</b>                |
| <b>Cash Flows from Financing Activities</b>  |                                    |                                    |                                    |
| Repayment of Self Supporting Loans   | (285,022)                          | (286,650)                          | (294,512)                          |
| Proceeds from Self Supporting Loans  | 288,904                            | 286,650                            | 294,918                            |
| <b>Net Cash Provided by (Used In) Financing Activities</b>                           | <b>3,882</b>                       | <b>-</b>                           | <b>406</b>                         |
| <b>Net Increase / (Decrease) in Cash Held</b>  | <b>15,187,684</b>                  | <b>10,604,536</b>                  | <b>14,556,584</b>                  |
| <b>Cash at Beginning of Year</b>   | <b>118,784,310</b>                 | <b>90,301,215</b>                  | <b>104,227,726</b>                 |
| <b>Cash and Cash Equivalents at the End of Year</b>                                  | <b>133,971,994</b>                 | <b>100,905,751</b>                 | <b>118,784,310</b>                 |

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

---

**(a) Basis of Preparation**

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

Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

**(b) Critical Accounting Estimates**

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

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

**(c) The Local Government Reporting Entity**

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

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

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

**(d) Cash and Cash Equivalents**

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

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

**(e) Superannuation**

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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**(f) Goods and Services Tax**

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

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

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

**(g) Trade and Other Receivables**

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

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

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

**(h) Inventories**

General

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

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

**(i) Fixed Assets**

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

**Capitalisation of Assets Threshold**

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

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

|                              |          |
|------------------------------|----------|
| Artworks                     | ALL      |
| Plant, Machinery & Equipment | ALL      |
| Computer Equipment           | \$5,000  |
| Buildings                    | \$5,000  |
| Infrastructure               | \$5,000  |
| Software                     | \$20,000 |
| All Other Assets             | \$5,000  |

Expenditure items below these thresholds are generally expensed.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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**Classes of Assets**

**Land and Buildings**

Land

Land Vested

Buildings

- Structure

- Roof

- Electrical

- Fitout

- Air Conditioning

**Plant & Equipment**

Plant & Equipment

Electronic Equipment

Furniture & Fittings

Computer Equipment

Property Improvement

Mobile

Artworks

**Infrastructure**

Roads

Footpaths

Drainage

**Infrastructure Other**

Parks

Street furniture

Irrigation

Work In Progress

**Investment Property**

Investment land

Investment buildings

- Structure

- Roof

- Electrical

- Fitout

- Air Conditioning

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

---

**Land Under Control**

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

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

**Initial Recognition**

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

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

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

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

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

During the year ended 30 June 2013, the City commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established. The City revalues its asset classes in accordance with this mandatory timetable.

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

**Revaluation**

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

**Land Under Roads**

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

Effective as at 1 July 2008, the City elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land under Roads and the fact Local Government

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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(Financial Management) Regulation 16 (a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

**Land Held for Resale**

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

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

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

**Investment Properties**

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

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

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

**Depreciation**

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Land and Buildings**

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

**Plant & Equipment**

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

**Infrastructure**

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

**Infrastructure Other**

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investment Property**

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

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

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

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

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

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

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

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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**Fair Value Hierarchy**

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

**Level 1**

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

**Level 2**

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

**Level 3**

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

**Valuation techniques**

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

**Market approach**

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

**Income approach**

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

**Cost approach**

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

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations 1996 requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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**(k) Financial Instruments**

**Initial Recognition and Measurement**

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

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

**Classification and Subsequent Measurement**

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

Amortised cost is calculated as:

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

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

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

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

**(ii) Loans and receivables**

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

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

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

**(v) Financial liabilities**

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

**Impairment**

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

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

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

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

**Derecognition**

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

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

**(I) Impairment of Assets**

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

**(m) Trade and Other Payables**

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

**(n) Employee Benefits**

**Short-Term Employee Benefits**

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

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

**Other Long-Term Employee Benefits**

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

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

**(o) Borrowing Costs**

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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**(p) Provisions**

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

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

**(q) Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the City, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to (1) the fair value of the leased property or (2) the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

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

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

**(r) Investment in Associates**

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

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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**(s) Interests in Joint Arrangements**

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The City's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about joint ventures is set out in Note 27.

**(t) Rates, Specified Area Rates, Grants, Donations and Other Contributions**

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

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

**(u) Rounding Off Figures**

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

**(v) Comparative Figures**

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

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

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

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

**(x) Budget Comparative Figures**

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

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

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

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

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

| Title  | Issued / Compiled | Applicable <sup>(1)</sup> | Impact   |
|--|-------------------|---------------------------|--|
| (i) AASB 9 – Financial Instruments<br>(incorporating AASB 2014-7<br>and AASB 2014-8) | December 2014     | 1 January 2018            | Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the City, it is not anticipated the standard will have any material effect.  |
| (iii) AASB 15 Revenue from Contracts with<br>Customers                               | December 2014     | 1 January 2019            | This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.<br><br>The effect of this Standard will depend upon the nature of future transactions the City has with those third parties it has dealings with. It may or may not be significant. |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

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

| Title   | Issued / Compiled | Applicable <sup>(1)</sup>   | Impact |
|---|-------------------|---|--------|
| <b>(z) Adoption of New and Revised Accounting Standards</b>   |                   |   |        |
| During the current year, the City adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations. |                   |   |        |
| Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:  |                   |   |        |
| (i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities  |                   | The objective of this Standard was to extend the scope of AASB 124 Related Party Disclosures to include not-for-profit sector entities.   |        |
| [AASB 10, 124 & 1049]   |                   | The Standard has had a significant disclosure impact on the financial report of the City as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary. |        |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 2: REVENUES AND EXPENSES**

|                                      | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|--------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| <b>(a) The Net Result</b>            |                                    |                                    |                                    |
| The Net result includes:             |                                    |                                    |                                    |
| <b>(i) Charging as Expenses</b>      |                                    |                                    |                                    |
| <b>Auditors Remuneration</b>         |                                    |                                    |                                    |
| Audit of the Annual Financial Report | 28,808                             | 30,000                             | 23,922                             |
| Other Services                       | 6,282                              | 800                                | 17,585                             |
|                                      | <b>35,090</b>                      | <b>30,800</b>                      | <b>41,507</b>                      |
| <b>Depreciation By Asset Class</b>   |                                    |                                    |                                    |
| Infrastructure                       | 9,196,586                          | 6,701,527                          | 7,301,464                          |
| Building                             | 2,006,125                          | 1,947,551                          | 1,958,196                          |
| Mobile Plant                         | 1,357,978                          | 2,000,000                          | 1,269,152                          |
| Plant & Equipment                    | 1,997,324                          | 2,282,788                          | 2,345,129                          |
| Computer Equipment                   | 284,807                            | 630,326                            | 727,116                            |
| Furniture & Fittings                 | 186,751                            | 271,611                            | 271,777                            |
|                                      | <b>15,029,571</b>                  | <b>13,833,803</b>                  | <b>13,872,835</b>                  |
| <b>Finance costs</b>                 |                                    |                                    |                                    |
| Debentures (refer note 14)           | 172,249                            | 185,546                            | 204,067                            |
|                                      | <b>172,249</b>                     | <b>185,546</b>                     | <b>204,067</b>                     |
| <b>(ii) Crediting as Revenues</b>    |                                    |                                    |                                    |
| <b>Interest Earnings</b>             |                                    |                                    |                                    |
| Reserve Funds                        | 3,500,089                          | 2,304,164                          | 3,235,836                          |
| Other Funds                          | 539,639                            | 641,031                            | 736,650                            |
| Other Interest Revenue               | 640,466                            | -                                  | 580,624                            |
|                                      | <b>4,680,194</b>                   | <b>2,945,195</b>                   | <b>4,553,110</b>                   |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 2: REVENUES AND EXPENSES (Continued)**

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 2: REVENUES AND EXPENSES (Continued)**

**(c) Conditions Over Grants/Contributions**

|                                  | <i>Opening<br/>Balance <sup>(1)</sup><br/>1 July 2015<br/>\$</i> | <i>Received <sup>(2)</sup><br/>2015-2016<br/>\$</i> | <i>Expended <sup>(3)</sup><br/>2015-2016<br/>\$</i> | <i>Closing<br/>Balance <sup>(1)</sup><br/>30 June 2016<br/>\$</i> | <i>Received <sup>(2)</sup><br/>2016-2017<br/>\$</i> | <i>Expended <sup>(3)</sup><br/>2016-2017<br/>\$</i> | <i>Closing<br/>Balance<br/>30 June 2017<br/>\$</i> |
|----------------------------------|--|---|---|---|---|---|--|
| <b>Grant/Contribution</b>        |  |   |   |   |   |   |  |
| <b>Governance</b>                |  |   |   |   |   |   |  |
| Grant for Lighthouse Project     | -  | 10,000  | (6,274)   | 3,726   | -   | (3,726)   | -  |
| <b>Recreation and Culture</b>    |  |   |   |   |   |   |  |
| Grant for Synthetic Turf Project | -  | -   | -   | -   | 250,000   |   | 250,000  |
| <b>Total</b>                     | <b>-</b>   | <b>10,000</b>                                       | <b>(6,274)</b>                                      | <b>3,726</b>  | <b>250,000</b>                                      | <b>(3,726)</b>                                      | <b>250,000</b>                                     |

**Notes:**

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 3: CASH AND CASH EQUIVALENTS**

|   | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|---|------------------------------------|------------------------------------|
| <b>(a) Current Assets</b>   |                                    |                                    |
| Cash on Hand  | 7,792                              | 7,800                              |
| Cash on Hand (Includes 11am at call accounts)   | 6,297,985                          | 3,941,040                          |
| Term Deposits, Bonds & Floating Rate Term Deposits  | 127,666,217                        | 114,835,470                        |
| <b>Total Cash and Cash Equivalents</b>  | <b>133,971,994</b>                 | <b>118,784,310</b>                 |
| <b>Represented by</b>   |                                    |                                    |
| Restricted Funds*   | 125,048,981                        | 112,193,310                        |
| Unrestricted Funds  | 8,923,013                          | 6,591,000                          |
| (* See Note 15)   |                                    |                                    |
|   | <b>133,971,994</b>                 | <b>118,784,310</b>                 |
| <b>(b) Restricted Funds</b>   |                                    |                                    |
| The following restrictions have been imposed by regulations or other external imposed requirements: |                                    |                                    |
| Reserve Funds   | 125,048,981                        | 112,193,310                        |
| <b>Total Restricted Funds</b>   | <b>125,048,981</b>                 | <b>112,193,310</b>                 |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 4: NOTES TO THE STATEMENT OF CASHFLOWS**

**(a) Reconciliation of Cash**

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

|   | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|---|------------------------------------|------------------------------------|------------------------------------|
| Cash - Restricted Funds                             | 125,048,981                        | 94,010,065                         | 112,193,310                        |
| Cash - Unrestricted Funds                           | 8,923,013                          | 6,895,686                          | 6,591,000                          |
| <b>Cash and Cash Equivalents at the End of Year</b> | <b>133,971,994</b>                 | <b>100,905,751</b>                 | <b>118,784,310</b>                 |

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

|  | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|--|------------------------------------|------------------------------------|------------------------------------|
| Ardross East UGP & Streetscape Enhancement Reserve                     | 13,977                             | -                                  | 13,575                             |
| Attadale North Underground Power & Streetscape Enhancement Reserve     | 90,724                             | 90,771                             | 88,118                             |
| Attadale South Underground Power & Streetscape Enhancement Reserve     | -                                  | -                                  | -                                  |
| Attadale West Underground Power & Streetscape Enhancement Reserve      | -                                  | -                                  | -                                  |
| Civic Centre Precinct Improvements Reserve                             | 5,866                              | 5,868                              | 5,697                              |
| Commercial Refuse Reserve  | 2,701,084                          | 1,845,063                          | 2,098,221                          |
| Community Facilities Reserve   | 21,688,160                         | 10,372,968                         | 18,788,677                         |
| Community Surveillance and Security Reserve                            | 593,407                            | 504,882                            | 598,769                            |
| Fleet Services Vehicles, Plant and Equipment Replacement Reserve       | 6,902,790                          | 4,246,818                          | 7,127,395                          |
| Future Works Reserve   | 82,189                             | 508,839                            | -                                  |
| Information Technology Reserve   | 2,993,126                          | 1,841,509                          | 2,888,482                          |
| Infrastructure Asset Management Reserve                                | 24,465,232                         | 18,651,086                         | 16,212,942                         |
| Land and Property Reserve  | 31,154,989                         | 33,535,446                         | 32,314,719                         |
| Leave Entitlements Reserve   | 2,599,791                          | 2,225,645                          | 2,525,100                          |
| Library, Museums & Arts Equipment & Specialised Fitout Reserve         | 31,559                             | -                                  | -                                  |
| Organisational Environment Sustainability Initiatives Reserve          | 795,885                            | -                                  | -                                  |
| Parking Facilities Reserve   | 324,510                            | 309,537                            | 274,252                            |
| Private Swimming Pool Inspection Fee Reserve                           | 12,114                             | 1,593                              | 12,021                             |
| Public Open Space and Urban Forest Reserve                             | 3,648,237                          | 3,449,554                          | 2,747,057                          |
| Rates Equalisation Reserve   | 4,775,918                          | 1,283,467                          | 2,201,831                          |
| Recreation Centres Specialised Plant, Equipment and Structures Reserve | 1,216,831                          | 604,516                            | 438,687                            |
| Refuse Bins Reserve  | 1,762,732                          | 1,567,600                          | 1,685,669                          |
| Refuse Facilities Reserve  | 8,938,318                          | 6,440,305                          | 8,852,986                          |
| Risk Management Reserve  | 5,672,065                          | 5,502,806                          | 5,036,674                          |
| Special Projects Reserve   | 1,358,381                          | 1,021,792                          | 622,787                            |
| Unexpended Capital Works Reserve                                       | 3,221,096                          | -                                  | 7,659,651                          |
|  | <b>125,048,981</b>                 | <b>94,010,065</b>                  | <b>112,193,310</b>                 |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 4: NOTES TO THE STATEMENT OF CASHFLOWS**

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

|   | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|---|------------------------------------|------------------------------------|
| <b>Net Result</b>   | <b>21,546,963</b>                  | <b>22,008,327</b>                  |
| <b>Add / (Less) Non-Cash / Non-Operating Items</b>                    |                                    |                                    |
| Depreciation  | 15,029,571                         | 13,872,835                         |
| (Profit) / Loss on Sale of Assets                                     | 147,139                            | 283,730                            |
| Grants & Contributions for the Development of Assets                  | (3,806,299)                        | (3,153,158)                        |
| Investments Unrealised (Gains) / Losses                               | (228,908)                          | (3,565,878)                        |
| (Increase) / Decrease in Equity - SMRC Joint Venture                  | 100,228                            | 2,460,647                          |
| <b>Changes in Assets &amp; Liabilities During the Financial Year:</b> |                                    |                                    |
| (Increase)/Decrease in Accrued Income                                 | 3,083,960                          | (2,158,325)                        |
| Increase/(Decrease) in Accrued Expenses                               | 174,711                            | (806,803)                          |
| Increase/(Decrease) in Accrued Income Payable                         | (16,630)                           | (747,311)                          |
| (Increase)/Decrease in Current Receivables                            | 32,217                             | (835,191)                          |
| (Increase)/Decrease in Non-Current Receivables                        | (50,291)                           | 306,668                            |
| (Increase)/Decrease in Work in Progress                               | 66,780                             | (65,349)                           |
| Increase/(Decrease) in Current Creditors                              | (623,685)                          | 3,860,705                          |
| Increase/(Decrease) in Non-Current Creditors                          | (97,663)                           | (281,045)                          |
| (Increase)/Decrease in Inventory                                      | 2,378                              | 16,937                             |
| Increase/(Decrease) in Provision for Employee Entitlements            | 230,061                            | 177,977                            |
| (Increase)/Decrease in Prepayments                                    | (331,410)                          | 114,599                            |
| <b>Net Cash Provided by Operating Activities</b>                      | <b>35,259,122</b>                  | <b>31,489,365</b>                  |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 5: NET CURRENT ASSETS**

|   | <i>2017<br/>(30 June 2017<br/>Carried<br/>Forward)<br/>\$</i> | <i>2016<br/>(1 July 2016<br/>Carried<br/>Forward)<br/>\$</i> | <i>2016<br/>(30 June 2016<br/>Carried<br/>Forward)<br/>\$</i> |
|---|---|--|---|
| <b>Surplus/(Deficit) 1 July 2016 brought forward</b>    | <b>3,029,416</b>  | <b>2,942,921</b>   | <b>2,942,921</b>  |
| <b>CURRENT ASSETS</b>                                   |   |  |   |
| Cash & Cash Equivalents                                 |   |  |   |
| Restricted  | 125,048,981   | 112,193,310  | 112,193,310   |
| Unrestricted  | 8,923,013   | 6,591,000  | 6,591,000   |
| Receivables   |   |  |   |
| Rates Outstanding                                       | 4,816,386   | 4,622,198  | 4,622,198   |
| Sundry Debtors  | 373,230   | 541,974  | 541,974   |
| GST Receivable  | 531,573   | 602,429  | 602,429   |
| Accrued Income  | 1,219,967   | 4,303,927  | 4,303,927   |
| Loans - Clubs and Community Groups                      | 290,614   | 281,299  | 281,299   |
| Inventories   | 105,406   | 107,784  | 107,784   |
| Other Assets - Prepayments (Prepaid Expenses)           | 745,357   | 413,948  | 413,948   |
| <b>LESS: CURRENT LIABILITIES</b>                        |   |  |   |
| Trade & Other Payables                                  |   |  |   |
| Trade Creditors   | (6,084,692)   | (6,717,692)  | (6,417,692)   |
| Other Creditors   | -   | -  | (300,000)   |
| Accrued Salaries and Wages                              | (501,599)   | (326,888)  | (326,888)   |
| Amounts Received in Advance                             | 6,211   | (10,419)   | (10,419)  |
| Provisions  |   |  |   |
| Provision for Annual Leave                              | (3,330,472)   | (3,340,808)  | (3,340,808)   |
| Provision for Long Service Leave                        | (3,774,963)   | (3,844,531)  | (3,844,531)   |
| Borrowings  |   |  |   |
| Loans - Clubs and Community Groups                      | (290,614)   | (281,299)  | (281,299)   |
| <b>Unadjusted Net Current Assets</b>                    | <b>128,078,398</b>  | <b>115,136,231</b>   | <b>115,136,231</b>  |
| <b>Adjustments</b>                                      |   |  |   |
| Less Reserves Cash/Investment Backed                    | (125,048,981)   | (112,193,310)  | (112,193,310)   |
| <b>Adjusted net current Asset - Surplus / (Deficit)</b> | <b>3,029,416</b>  | <b>2,942,921</b>   | <b>2,942,921</b>  |

**Difference**

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 6: TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

|                             | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|-----------------------------|------------------------------------|------------------------------------|
| Governance                  | 469,022,855                        | 456,588,290                        |
| Education & Welfare         | 402,882                            | 420,523                            |
| Community Amenities         | 63,805,933                         | 51,939,346                         |
| Recreation and Culture      | 101,533,096                        | 99,771,977                         |
| Economic Services           | 8,527,217                          | 3,302,896                          |
| Other Property and Services | 646,720,295                        | 644,474,439                        |
|                             | <b>1,290,012,277</b>               | <b>1,256,497,472</b>               |

**NOTE 7: NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS**

|  | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|--|------------------------------------|------------------------------------|
| Units (10) held in Local Government House      | 230,645                            | 230,645                            |
| Equity - SMRC Joint Venture (Refer to Note 27) | 6,407,027                          | 6,037,050                          |
| <b>Total Other Financial Assets</b>            | <b>6,637,672</b>                   | <b>6,267,695</b>                   |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 8: TRADE AND OTHER RECEIVABLES**

|                                     | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|-------------------------------------|------------------------------------|------------------------------------|
| <b>Current</b>                      |                                    |                                    |
| Rates Outstanding                   | 4,816,386                          | 4,622,198                          |
| Sundry Debtors                      | 373,230                            | 541,974                            |
| GST Receivable                      | 531,573                            | 602,429                            |
| Accrued Income                      | 1,219,967                          | 4,303,927                          |
| Loans - Clubs and Community Groups  | 290,614                            | 281,299                            |
|                                     | <b>7,231,770</b>                   | <b>10,351,827</b>                  |
| <b>Non-Current</b>                  |                                    |                                    |
| Rates Outstanding - Pensioners      | 1,485,746                          | 1,341,119                          |
| Loans - Clubs and Community Groups  | 2,400,047                          | 2,494,383                          |
|                                     | <b>3,885,793</b>                   | <b>3,835,502</b>                   |
| <b>Sundry Debtors</b>               |                                    |                                    |
| Aging of past due but not impaired: |                                    |                                    |
| 60 - 90 days                        | 88,925                             | 33,012                             |
| 90 - 120 days                       | 21,611                             | 923                                |
| 120+ days                           | 7,654                              | 34,843                             |
|                                     | <b>118,190</b>                     | <b>68,778</b>                      |

In determining the recoverability of trade receivables, the City considers any change 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 adjustment required in excess of the current allowance for doubtful debts of \$26,438.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 9: INVENTORIES AND OTHER ASSETS**

|                            | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|----------------------------|------------------------------------|------------------------------------|
| <b>Current</b>             |                                    |                                    |
| Inventories                |                                    |                                    |
| Fuel and Materials at Cost | 105,406                            | 107,784                            |
|                            | <b>105,406</b>                     | <b>107,784</b>                     |
| Other Assets               |                                    |                                    |
| Prepayments                | 745,357                            | 413,948                            |
|                            | <b>745,357</b>                     | <b>413,948</b>                     |

**NOTE 10: TRADE AND OTHER PAYABLES**

|                            | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|----------------------------|------------------------------------|------------------------------------|
| <b>Current</b>             |                                    |                                    |
| Sundry Creditors           | 6,084,692                          | 6,417,692                          |
| Other Creditors            | -                                  | 300,000                            |
| Amount Received in Advance | (6,211)                            | 10,419                             |
| Accrued Salaries & Wages   | 501,599                            | 326,888                            |
|                            | <b>6,580,080</b>                   | <b>7,054,999</b>                   |
| <b>Non-Current</b>         |                                    |                                    |
| Creditors                  | 221,400                            | 224,726                            |
|                            | <b>221,400</b>                     | <b>224,726</b>                     |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 11: PROVISIONS**

|                                  | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|----------------------------------|------------------------------------|------------------------------------|
| <b>Current</b>                   |                                    |                                    |
| Provision for Annual Leave       | 3,330,472                          | 3,340,808                          |
| Provision for Long Service Leave | 3,774,963                          | 3,844,531                          |
|                                  | <b>7,105,435</b>                   | <b>7,185,339</b>                   |
| <b>Non-Current</b>               |                                    |                                    |
| Provision for Long Service Leave | 872,612                            | 562,647                            |
|                                  | <b>872,612</b>                     | <b>562,647</b>                     |
| <b>Total Provisions</b>          | <b>7,978,047</b>                   | <b>7,747,986</b>                   |

|   | <b>Provision for<br/>Annual Leave<br/>\$</b> | <b>Provision for<br/>Long Service<br/>Leave<br/>\$</b> | <b>Total<br/>2016-2017<br/>\$</b> |
|---|--|--|-----------------------------------|
| <b>Opening balance at 1 July 2016</b>   |  |  |                                   |
| Current Provisions  | 3,340,808                                    | 3,844,531  | 7,185,339                         |
| Non-Current provisions  | -  | 562,647  | 562,647                           |
|   | <b>3,340,808</b>                             | <b>4,407,178</b>                                       | <b>7,747,986</b>                  |
| Additional provision  | 632,791                                      | 328,112  | 960,903                           |
| Amounts used  | (645,340)                                    | (82,602)   | (727,942)                         |
| Increase in the discounted amount arising<br>because of time and the effect of any<br>change in the discounted rate | 2,213  | (5,113)  | (2,900)                           |
| <b>Balance at 30 June 2017</b>  | <b>3,330,472</b>                             | <b>4,647,574</b>                                       | <b>7,978,047</b>                  |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

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

|  | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|--|------------------------------------|------------------------------------|
| <b>(a) Land and Buildings</b>                    |                                    |                                    |
| <b>Land</b>                                      |                                    |                                    |
| At Independent valuation 2015 - level 2          | 519,243,225                        | 519,243,225                        |
|  | <b>519,243,225</b>                 | <b>519,243,225</b>                 |
| <b>Buildings</b>                                 |                                    |                                    |
| At Independent Valuation 2015 - level 3          | 187,424,663                        | 186,126,278                        |
| Add Additions after valuation - cost             | 1,911,443                          | 1,298,384                          |
| Less : Accumulated Depreciation                  | (24,287,583)                       | (22,325,032)                       |
|  | <b>165,048,523</b>                 | <b>165,099,630</b>                 |
| <b>Land Vested In &amp; Under City's Control</b> |                                    |                                    |
| At Independent valuation 2015 - level 3          | 5,138,491                          | 5,138,491                          |
|  | <b>5,138,491</b>                   | <b>5,138,491</b>                   |
| <b>Total Land and Buildings</b>                  |                                    |                                    |
| At Independent Valuation 2015 - level 2 & 3      | 711,806,379                        | 710,507,994                        |
| Add Additions after valuation - cost             | 1,911,443                          | 1,298,384                          |
| Less : Accumulated Depreciation                  | (24,287,583)                       | (22,325,032)                       |
|  | <b>689,430,239</b>                 | <b>689,481,346</b>                 |
| <b>(b) Plant and Equipment</b>                   |                                    |                                    |
| <b>Plant and Equipment</b>                       |                                    |                                    |
| At Independent Valuation 2016 - level 3          | 22,726,429                         | 21,984,289                         |
| Add Additions after valuation - cost             | 940,120                            | 779,577                            |
| Less Disposals after valuation - cost            | (36,850)                           | (20,245)                           |
| Revaluation                                      | 1,941,501                          | (17,192)                           |
| Less : Accumulated Depreciation                  | (13,606,478)                       | (11,840,583)                       |
|  | <b>11,964,722</b>                  | <b>10,885,846</b>                  |
| <b>Electronic Equipment</b>                      |                                    |                                    |
| At Independent Valuation 2016 - level 3          | 469,296                            | 528,430                            |
| Add Additions after valuation - cost             | 350                                | 76,295                             |
| Less Disposals after valuation - cost            | -                                  | (29,318)                           |
| Revaluation                                      | -                                  | (106,111)                          |
| Less : Accumulated Depreciation                  | (389,287)                          | (346,161)                          |
|  | <b>80,359</b>                      | <b>123,135</b>                     |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

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

|   | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|---|------------------------------------|------------------------------------|
| <b>Furniture and Fittings</b>           |                                    |                                    |
| At Independent Valuation 2016 - level 3 | 3,796,565                          | 4,195,222                          |
| Add Additions after valuation - cost    | 36,396                             | 144,428                            |
| Less Disposals after valuation - cost   | (24,267)                           | (89,449)                           |
| Revaluation                             | -                                  | (453,636)                          |
| Less : Accumulated Depreciation         | (2,682,588)                        | (2,516,879)                        |
|   | <b>1,126,107</b>                   | <b>1,279,686</b>                   |
| <b>Computer Equipment</b>               |                                    |                                    |
| At Independent Valuation 2016 - level 3 | 3,827,175                          | 5,947,014                          |
| Add Additions after valuation - cost    | 267,904                            | 156,830                            |
| Less Disposals after valuation - cost   | (15,544)                           | (1,343,194)                        |
| Revaluation                             | -                                  | (933,476)                          |
| Less : Accumulated Depreciation         | (3,596,841)                        | (3,370,704)                        |
|   | <b>482,694</b>                     | <b>456,471</b>                     |
| <b>Property Improvements</b>            |                                    |                                    |
| At Independent Valuation 2016 - level 3 | 1,369,156                          | 1,369,156                          |
| Add Additions after valuation - cost    | -                                  | -                                  |
| Less Disposals after valuation - cost   | -                                  | -                                  |
| Revaluation                             | -                                  | -                                  |
| Less : Accumulated Depreciation         | (1,364,371)                        | (1,354,279)                        |
|   | <b>4,785</b>                       | <b>14,877</b>                      |
| <b>Mobile</b>                           |                                    |                                    |
| At Independent Valuation 2016 - level 3 | 9,173,123                          | 10,651,222                         |
| Add Additions after valuation - cost    | 2,842,898                          | 1,906,728                          |
| Less Disposals after valuation - cost   | (530,292)                          | (1,148,171)                        |
| Revaluation                             | -                                  | (2,236,657)                        |
| Less : Accumulated Depreciation         | (1,433,773)                        | (199,586)                          |
|   | <b>10,051,955</b>                  | <b>8,973,537</b>                   |
| <b>Artworks</b>                         |                                    |                                    |
| At Independent Valuation 2015 - level 3 | 3,575,146                          | 1,214,931                          |
| Add Additions after valuation - cost    | 78,005                             | 296,453                            |
| Less Disposals after valuation - cost   | (44,893)                           | -                                  |
| Revaluation                             | -                                  | 2,063,761                          |
| Less : Accumulated Depreciation         | (1,767)                            | (1,767)                            |
|   | <b>3,606,491</b>                   | <b>3,573,379</b>                   |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

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

|  | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|--|------------------------------------|------------------------------------|
| <b>Total Plant and Equipment</b>               |                                    |                                    |
| At Independent Valuation 2015 & 2016 - level 3 | 44,936,889                         | 45,890,265                         |
| Add Additions after valuation - cost           | 4,165,673                          | 3,360,311                          |
| Less Disposals after valuation - cost          | (651,846)                          | (2,630,377)                        |
| Revaluation                                    | 1,941,501                          | (1,683,310)                        |
| Less : Accumulated Depreciation                | (23,075,104)                       | (19,629,958)                       |
|  | <b>27,317,113</b>                  | <b>25,306,932</b>                  |
| <b>(c) Infrastructure</b>                      |                                    |                                    |
| <b>Infrastructure - Roads</b>                  |                                    |                                    |
| At Independent Valuation 2016 - level 3        | 344,620,715                        | 254,973,774                        |
| Add Additions after valuation - cost           | 8,755,620                          | 8,638,215                          |
| Less Disposals after valuation - cost          | -                                  | -                                  |
| Revaluation                                    | (5,230,126)                        | 81,008,726                         |
| Less : Accumulated Depreciation                | (133,453,082)                      | (127,908,252)                      |
| <b>At Independent Valuation 2017 - level 3</b> | <b>214,693,127</b>                 | <b>216,712,463</b>                 |
| <b>Infrastructure - Drains</b>                 |                                    |                                    |
| At Independent Valuation 2016 - level 3        | 111,233,942                        | 112,730,690                        |
| Add Additions after valuation - cost           | 577,686                            | 409,632                            |
| Less Disposals after valuation - cost          | -                                  | -                                  |
| Revaluation                                    | 22,979,587                         | (1,906,380)                        |
| Less : Accumulated Depreciation                | (66,972,499)                       | (53,130,462)                       |
| <b>At Independent Valuation 2017 - level 3</b> | <b>67,818,716</b>                  | <b>58,103,480</b>                  |
| <b>Infrastructure - Footpath</b>               |                                    |                                    |
| At Independent Valuation 2016 - level 3        | 86,385,565                         | 86,293,172                         |
| Add Additions after valuation - cost           | 995,237                            | 932,573                            |
| Less Disposals after valuation - cost          | -                                  | -                                  |
| Revaluation                                    | 4,894,346                          | (840,180)                          |
| Less : Accumulated Depreciation                | (29,009,923)                       | (27,423,340)                       |
| <b>At Independent Valuation 2017 - level 3</b> | <b>63,265,225</b>                  | <b>58,962,225</b>                  |
| <b>Total Infrastructure</b>                    |                                    |                                    |
| At Independent Valuation 2016 - level 3        | 542,240,222                        | 453,997,636                        |
| Add Additions after valuation - cost           | 10,328,543                         | 9,980,420                          |
| Less Disposals after valuation - cost          | -                                  | -                                  |
| Revaluation                                    | 22,643,807                         | 78,262,166                         |
| Less : Accumulated Depreciation                | (229,435,504)                      | (208,462,054)                      |
| <b>At Independent Valuation 2017 - level 3</b> | <b>345,777,068</b>                 | <b>333,778,168</b>                 |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

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

|  | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|--|------------------------------------|------------------------------------|
| <b>(d) Infrastructure - Other</b>          |                                    |                                    |
| <b>Infrastructure - Parks</b>              |                                    |                                    |
| At Independent Valuation 2014 - level 3    | 9,343,391                          | 8,546,604                          |
| Add Additions after valuation - cost       | 1,836,137                          | 796,787                            |
| Less Disposals after valuation - cost      | -                                  | -                                  |
| Revaluation                                | -                                  | -                                  |
| Less : Accumulated Depreciation            | (6,975,893)                        | (6,621,541)                        |
|  | <b>4,203,635</b>                   | <b>2,721,849</b>                   |
| <b>Infrastructure - Street Furniture</b>   |                                    |                                    |
| At Independent Valuation 2014 - level 3    | 8,852,144                          | 8,764,866                          |
| Add Additions after valuation - cost       | 58,127                             | 87,278                             |
| Less Disposals after valuation - cost      | -                                  | -                                  |
| Revaluation                                | -                                  | -                                  |
| Less : Accumulated Depreciation            | (7,310,337)                        | (7,156,611)                        |
|  | <b>1,599,934</b>                   | <b>1,695,533</b>                   |
| <b>Infrastructure - Irrigation Systems</b> |                                    |                                    |
| At Independent Valuation 2014 - level 3    | 16,051,470                         | 15,134,190                         |
| Add Additions after valuation - cost       | 1,091,157                          | 917,280                            |
| Less Disposals after valuation - cost      | -                                  | -                                  |
| Revaluation                                | -                                  | -                                  |
| Less : Accumulated Depreciation            | (9,471,159)                        | (8,772,374)                        |
|  | <b>7,671,467</b>                   | <b>7,279,096</b>                   |
| <b>Infrastructure - Work In Progress</b>   | <b>239,039</b>                     | <b>305,819</b>                     |
| <b>Total Infrastructure - Other</b>        |                                    |                                    |
| At Independent Valuation 2014 - level 3    | 34,486,044                         | 32,751,479                         |
| Add Additions after valuation - cost       | 2,985,420                          | 1,801,345                          |
| Less Disposals after valuation - cost      | -                                  | -                                  |
| Revaluation                                | -                                  | -                                  |
| Less : Accumulated Depreciation            | (23,757,389)                       | (22,550,526)                       |
|  | <b>13,714,076</b>                  | <b>12,002,298</b>                  |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

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

|   | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|---|------------------------------------|------------------------------------|
| <b>(e) Investment Property</b>              |                                    |                                    |
| <b>Investment Property : Land</b>           |                                    |                                    |
| At Independent Valuation 2015 - level 2     | 53,331,829                         | 48,263,775                         |
| Add Additions after valuation - cost        | 4,104,690                          | 5,068,054                          |
| Less Disposals after valuation - cost       | -                                  | -                                  |
| Revaluation                                 | -                                  | -                                  |
| Less : Accumulated Depreciation             | -                                  | -                                  |
|   | <b>57,436,519</b>                  | <b>53,331,829</b>                  |
| <b>Investment Property : Buildings</b>      |                                    |                                    |
| At Independent Valuation 2015 - level 3     | 2,983,581                          | 256,519                            |
| Add Additions after valuation - cost        | 956,919                            | 2,727,062                          |
| Less Disposals after valuation - cost       | -                                  | -                                  |
| Revaluation                                 | -                                  | -                                  |
| Less : Accumulated Depreciation             | (181,230)                          | (147,749)                          |
|   | <b>3,759,270</b>                   | <b>2,835,833</b>                   |
| <b>Total Investment Property</b>            |                                    |                                    |
| At Independent Valuation 2015 - level 2 & 3 | 56,315,410                         | 48,520,294                         |
| Add Additions after valuation - cost        | 5,061,609                          | 7,795,116                          |
| Less Disposals after valuation - cost       | -                                  | -                                  |
| Revaluation                                 | -                                  | -                                  |
| Less : Accumulated Depreciation             | (181,230)                          | (147,749)                          |
|   | <b>61,195,789</b>                  | <b>56,167,662</b>                  |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

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

**(f) Disposal of Assets**

|                      | <b>Net Book Value</b> |                      | <b>Sales Proceeds</b> |                      | <b>(Profit) / Loss</b> |                      |
|----------------------|-----------------------|----------------------|-----------------------|----------------------|------------------------|----------------------|
|                      | <b>Actual<br/>\$</b>  | <b>Budget<br/>\$</b> | <b>Actual<br/>\$</b>  | <b>Budget<br/>\$</b> | <b>Actual<br/>\$</b>   | <b>Budget<br/>\$</b> |
| Artwork              | 44,893                | -                    | -                     | -                    | 44,893                 | -                    |
| Furniture & Fittings | 3,224                 | -                    | -                     | -                    | 3,224                  | -                    |
| Plant & Equipment    | 34,678                | -                    | -                     | -                    | 34,678                 | -                    |
| Mobile               | 406,502               | 692,345              | 342,158               | 755,345              | 64,344                 | (63,000)             |
| <b>Total</b>         | <b>489,297</b>        | <b>692,345</b>       | <b>342,158</b>        | <b>755,345</b>       | <b>147,139</b>         | <b>(63,000)</b>      |

**(g) Summary of Asset Movements**

|                        | <b>Balance<br/>as at<br/>01/07/2016<br/>\$</b> | <b>Additions<br/>&amp;<br/>Transfers<br/>\$</b> | <b>Disposal<br/>\$</b> | <b>Revaluation<br/>/<br/>Transfer<br/>\$</b> | <b>Depreciation<br/>\$</b> | <b>Balance<br/>as at<br/>30/06/2017<br/>\$</b> |
|------------------------|--|---|------------------------|--|----------------------------|--|
| Land and Buildings     |  |   |                        |  |                            |  |
| Land                   | 519,243,225                                    | -   | -                      | -  | -                          | 519,243,225                                    |
| Buildings              | 165,099,631                                    | 1,911,443                                       | -                      | -  | (1,962,551)                | 165,048,523                                    |
| Land Vested            | 5,138,491                                      | -   | -                      | -  | -                          | 5,138,491                                      |
|                        | <b>689,481,347</b>                             | <b>1,911,443</b>                                | <b>-</b>               | <b>-</b>                                     | <b>(1,962,551)</b>         | <b>689,430,239</b>                             |
| Plant & Equipment      |  |   |                        |  |                            |  |
| Plant & Equipment      | 10,881,845                                     | 940,120   | (34,678)               | 2,170,759                                    | (1,993,324)                | 11,964,722                                     |
| Electronic Equipment   | 123,136  | 350   | -                      | -  | (43,127)                   | 80,359   |
| Furniture & Fittings   | 1,279,686                                      | 36,396  | (3,224)                | -  | (186,751)                  | 1,126,106                                      |
| Computer Equipment     | 456,471  | 267,904   | -                      | -  | (241,680)                  | 482,694  |
| Property Improvement   | 14,878   | -   | -                      | -  | (10,092)                   | 4,785  |
| Mobile                 | 8,973,537                                      | 2,842,898                                       | (406,502)              | -  | (1,357,978)                | 10,051,956                                     |
| Artworks               | 3,573,379                                      | 78,005  | (44,893)               | -  | -                          | 3,606,491                                      |
|                        | <b>25,302,931</b>                              | <b>4,165,672</b>                                | <b>(489,297)</b>       | <b>2,170,759</b>                             | <b>(3,832,953)</b>         | <b>27,317,113</b>                              |
| Infrastructure         |  |   |                        |  |                            |  |
| Roads                  | 216,712,463                                    | 8,755,620                                       | -                      | (5,181,940)                                  | (5,593,016)                | 214,693,127                                    |
| Drains                 | 58,103,480                                     | 577,686   | -                      | 9,991,067                                    | (853,517)                  | 67,818,716                                     |
| Footpaths              | 58,962,225                                     | 995,237   | -                      | 4,850,954                                    | (1,543,191)                | 63,265,225                                     |
|                        | <b>333,778,168</b>                             | <b>10,328,543</b>                               | <b>-</b>               | <b>9,660,081</b>                             | <b>(7,989,724)</b>         | <b>345,777,068</b>                             |
| Infrastructure - Other |  |   |                        |  |                            |  |
| Parks                  | 2,721,849                                      | 1,836,137                                       | -                      | -  | (354,351)                  | 4,203,635                                      |
| Street Furniture       | 1,695,533                                      | 58,127  | -                      | -  | (153,726)                  | 1,599,934                                      |
| Irrigation System      | 7,279,096                                      | 1,091,157                                       | -                      | -  | (698,785)                  | 7,671,467                                      |
| Work in Progress       | 305,819  | (66,780)  | -                      | -  | -                          | 239,039  |
|                        | <b>12,002,297</b>                              | <b>2,918,640</b>                                | <b>-</b>               | <b>-</b>                                     | <b>(1,206,862)</b>         | <b>13,714,076</b>                              |
| Investment Property :  |  |   |                        |  |                            |  |
| Land                   | 53,331,829                                     | 4,104,690                                       | -                      | -  | -                          | 57,436,519                                     |
| Buildings              | 2,835,833                                      | 956,919   | -                      | -  | (33,482)                   | 3,759,270                                      |
|                        | <b>56,167,662</b>                              | <b>5,061,609</b>                                | <b>-</b>               | <b>-</b>                                     | <b>(33,482)</b>            | <b>61,195,789</b>                              |
| <b>Total</b>           | <b>1,116,732,405</b>                           | <b>24,385,907</b>                               | <b>(489,297)</b>       | <b>11,830,840</b>                            | <b>(15,025,571)</b>        | <b>1,137,434,284</b>                           |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

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

**Revaluation of Assets**

Infrastructure assets (roads, drainage and footpaths) were re-valued by management at 30 June 2017 for fair valuation. These figures were also independently reviewed and confirmed by external valuers and has resulted in a net transfer to the asset revaluation reserve of \$9,660,081.

Playground Equipment was revalued by an independent valuer at 30 June 2015 for fair valuation. The revaluation was carried out by APV Valuers & Asset Management (Licence Numbers 44501 & 44694). Fair valuation for 2016-2017 has resulted in a net transfer to the asset revaluation reserve of \$2,170,759.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**Note 13: Fair Value Measurements**

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

- Land and Buildings
- Plant and Equipment (including Plant and Equipment, Electronic Equipment, Furniture and Fittings, Computer Equipment, Property Improvements, Mobile Plant and Artworks)
- Infrastructure (including Roads, Drains and Footpaths)
- Infrastructure Other (including Parks, Street Furniture and Irrigation)
- Investment Properties

**Valuation processes**

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

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

Changes in level 2 and 3 fair values are analysed at the end of each reporting period . For descriptions of what constitutes level 1, 2 and 3 fair values – see note 1(i).

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 13(a): FAIR VALUE MEASUREMENTS**

| <i><b>Asset Class</b></i>             | <i><b>Fair Value Hierarchy</b></i> | <i><b>Valuation Technique</b></i>  | <i><b>Basis of Valuation</b></i> | <i><b>Date of last Valuation</b></i> | <i><b>Inputs used</b></i>   |
|---------------------------------------|------------------------------------|--|----------------------------------|--------------------------------------|---|
| <b>Land and Buildings</b>             |                                    |  |                                  |                                      |   |
| Land - Freehold                       | 2                                  | Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology | Independent registered valuer    | June 2015                            | Price per hectare / market borrowing rate   |
| Land Vested in & Under City's Control | 3                                  | Improvements to land valued using cost approach using depreciated replacement cost   | Independent registered valuer    | June 2015                            | Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Buildings                             | 3                                  | Improvements to land valued using cost approach using depreciated replacement cost   | Independent registered valuer    | June 2015                            | Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| <b>Plant and Equipment</b>            |                                    |  |                                  |                                      |   |
| Plant and Equipment                   | 3                                  | Cost approach using depreciated replacement cost   | Independent registered valuer    | June 2016                            | Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs                                |
| Electronic Equipment                  | 3                                  | Cost approach using depreciated replacement cost   | Independent registered valuer    | June 2016                            | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs                            |
| Furniture and Equipment               | 3                                  | Cost approach using depreciated replacement cost   | Independent registered valuer    | June 2016                            | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs                            |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 13(a): FAIR VALUE MEASUREMENTS**

| <i><b>Asset Class</b></i> | <i><b>Fair Value Hierarchy</b></i> | <i><b>Valuation Technique</b></i>                | <i><b>Basis of Valuation</b></i> | <i><b>Date of last Valuation</b></i> | <i><b>Inputs used</b></i>  |
|---------------------------|------------------------------------|--|----------------------------------|--------------------------------------|--|
| Computer Equipment        | 3                                  | Cost approach using depreciated replacement cost | Independent registered valuer    | June 2016                            | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Property Improvement      | 3                                  | Cost approach using depreciated replacement cost | Independent registered valuer    | June 2015                            | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Mobile Plant              | 2                                  | Cost approach using depreciated replacement cost | Independent registered valuer    | June 2016                            | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Artworks                  | 3                                  | Cost approach using depreciated replacement cost | Independent registered valuer    | June 2015                            | Market valuation by Art Valuer   |
| <b>Infrastructure</b>     |                                    |  |                                  |                                      |  |
| Infrastructure - Roads    | 3                                  | Cost approach using depreciated replacement cost | Independent valuation            | June 2017                            | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - Drains   | 3                                  | Cost approach using depreciated replacement cost | Independent valuation            | June 2017                            | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 13(a): FAIR VALUE MEASUREMENTS**

| <i><b>Asset Class</b></i>           | <i><b>Fair Value Hierarchy</b></i> | <i><b>Valuation Technique</b></i>  | <i><b>Basis of Valuation</b></i> | <i><b>Date of last Valuation</b></i> | <i><b>Inputs used</b></i>   |
|-------------------------------------|------------------------------------|--|----------------------------------|--------------------------------------|---|
| Infrastructure - Footpath           | 3                                  | Cost approach using depreciated replacement cost   | Independent valuation            | June 2017                            | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs                            |
| <b>Infrastructure - Other</b>       |                                    |  |                                  |                                      |   |
| Infrastructure - Parks              | 3                                  | Cost approach using depreciated replacement cost   | Independent valuation            | June 2014                            | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs                            |
| Infrastructure - Street Furniture   | 3                                  | Cost approach using depreciated replacement cost   | Independent valuation            | June 2014                            | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs                            |
| Infrastructure - Irrigation Systems | 3                                  | Cost approach using depreciated replacement cost   | Independent valuation            | June 2014                            | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs                            |
| <b>Investment Property</b>          |                                    |  |                                  |                                      |   |
| Land - Freehold                     | 2                                  | Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology | Independent registered valuer    | June 2015                            | Price per hectare / market borrowing rate   |
| Buildings                           | 3                                  | Improvements to land valued using cost approach using depreciated replacement cost   | Independent registered valuer    | June 2015                            | Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 14: BORROWINGS**

|                                  | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|----------------------------------|------------------------------------|------------------------------------|
| <b>Current</b>                   |                                    |                                    |
| Borrowings - Current Portion     | 290,614                            | 281,299                            |
| <b>Non-Current Loans</b>         |                                    |                                    |
| Borrowings - Non-Current Portion | 2,400,047                          | 2,494,383                          |
|                                  | <b>2,690,661</b>                   | <b>2,775,682</b>                   |

**(a) Details of Loan Liability**

| Program / Sporting Body                              | <i>Loan</i> | <i>Principal</i>   | <i>(Loans<br/>Discharged)<br/>New Loans</i> | <i>Interest</i> |                | <i>Principal Repayments</i> |                | <i>Principal</i>    |
|--|-------------|--------------------|---|-----------------|----------------|-----------------------------|----------------|---------------------|
|  | <i>No</i>   | <i>1 July 2016</i> |   | <i>Budget</i>   | <i>Actual</i>  | <i>Budget</i>               | <i>Actual</i>  | <i>30 June 2017</i> |
|  |             | \$                 | \$  | \$              | \$             | \$                          | \$             | \$                  |
| <b>Recreation and Culture</b>                        |             |                    |   |                 |                |                             |                |                     |
| Applecross Tennis Club                               | 372         | 6,321              | -   | 275             | 166            | 6,321                       | 6,321          | -                   |
| Kardinya Bowling Club                                | 379         | 115,033            | -   | 12,046          | 7,255          | 35,332                      | 29,981         | 85,053              |
| Melville Glades Golf Club                            | 382         | 485,453            | -   | 36,515          | 32,294         | 66,877                      | 66,877         | 418,576             |
| Leeming Sport Association                            | 398         | 123,485            | -   | 8,292           | 7,472          | 14,565                      | 14,565         | 108,920             |
| Tompkins Park Community and Recreational Association | 399         | 323,389            | -   | 21,373          | 20,103         | 16,171                      | 16,171         | 307,218             |
| Melville Hockey Club                                 | 400         | 92,792             | -   | 6,002           | 5,270          | 21,209                      | 21,209         | 71,583              |
| Bull Creek Tennis Club                               | 406         | 54,293             | -   | 3,383           | 3,142          | 4,448                       | 4,448          | 49,845              |
| Kardinya Bowling Club                                | 408         | 36,628             | -   | 2,437           | 2,157          | 11,472                      | 11,472         | 25,156              |
| Melville Glades Golf Club                            | 411         | 1,240,770          | -   | 82,090          | 75,575         | 69,084                      | 69,084         | 1,171,686           |
| Mt Pleasant Bowling Club                             | 413         | 207,571            | -   | 9,164           | 7,924          | 28,724                      | 28,724         | 178,847             |
| Blue Gum Tennis Club                                 | 414         | 89,947             | -   | 3,971           | 3,434          | 12,447                      | 12,447         | 77,500              |
| Brentwood Karoonda Sporting Association              | 415         | -                  | 200,000                                     |                 | 7,458          |                             | 3,723          | 196,277             |
|  |             | <b>2,775,682</b>   | <b>200,000</b>                              | <b>185,546</b>  | <b>172,249</b> | <b>286,650</b>              | <b>285,022</b> | <b>2,690,661</b>    |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 14: BORROWINGS**

All loan repayments are funded directly by the individual respective clubs and associations, except Mt Pleasant Bowling Club. As per council resolution CD16/8089, Mt Pleasant Bowling Club will suspend any further payments in respect of the self supporting repayments. The Council resolved to amalgamate and relocate the Melville Bowling Club and Mt Pleasant Bowling Club to the Tompkins Park Sporting Hub. The self supporting loan debt for Mt Pleasant Bowling Club will be met by the City and treated as a cost to the project. A total of \$18,860 has been costed to the project in 2016-2017.

**(b) New Debenture**

There are no new debentures.

**(c) Unspent Borrowings**

The City has no unspent borrowings on self-supporting loans as at 30th June 2017.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 15: RESERVES CASH-BACKED**

|  | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|--|------------------------------------|------------------------------------|------------------------------------|
| <b>Ardross East UGP &amp; Streetscape Enhancement Reserve</b><br><i>To be used for underground power projects and streetscape enhancements in the Ardross East Underground Power project area.</i>                   |                                    |                                    |                                    |
| Opening Balance  | 13,575                             | -                                  | 685,951                            |
| Funds to be set aside  | -                                  | -                                  | -                                  |
| Funds to be set aside - Investment Earnings  | 402                                | -                                  | 424                                |
| Funds to be used   | -                                  | -                                  | (672,800)                          |
| Closing Balance  | <b>13,977</b>                      | <b>-</b>                           | <b>13,575</b>                      |
| <b>Attadale North Underground Power &amp; Streetscape Enhancement Reserve</b><br><i>To be used for underground power projects and streetscape enhancements in the Attadale North Underground Power project area.</i> |                                    |                                    |                                    |
| Opening Balance  | 88,118                             | 88,308                             | 85,366                             |
| Funds to be set aside  | -                                  | -                                  | -                                  |
| Funds to be set aside - Investment Earnings  | 2,606                              | 2,463                              | 2,752                              |
| Funds to be used   | -                                  | -                                  | -                                  |
| Closing Balance  | <b>90,724</b>                      | <b>90,771</b>                      | <b>88,118</b>                      |
| <b>Attadale South Underground Power &amp; Streetscape Enhancement Reserve</b><br><i>To be used for underground power projects and streetscape enhancements in the Attadale South Underground Power project area.</i> |                                    |                                    |                                    |
| Opening Balance  | -                                  | -                                  | 131,915                            |
| Funds to be set aside  | -                                  | -                                  | -                                  |
| Funds to be set aside - Investment Earnings  | -                                  | -                                  | 354                                |
| Funds to be used   | -                                  | -                                  | (132,269)                          |
| Closing Balance  | <b>-</b>                           | <b>-</b>                           | <b>-</b>                           |
| <b>Attadale West Underground Power &amp; Streetscape Enhancement Reserve</b><br><i>To be used for underground power projects and streetscape enhancements in the Attadale West Underground Power project area.</i>   |                                    |                                    |                                    |
| Opening Balance  | -                                  | -                                  | 126,484                            |
| Funds to be set aside  | -                                  | -                                  | -                                  |
| Funds to be set aside - Investment Earnings  | -                                  | -                                  | 340                                |
| Funds to be used   | -                                  | -                                  | (126,824)                          |
| Closing Balance  | <b>-</b>                           | <b>-</b>                           | <b>-</b>                           |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 15: RESERVES CASH-BACKED**

|   | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|---|------------------------------------|------------------------------------|------------------------------------|
| <b>Civic Centre Precinct Improvements Reserve</b><br><i>To be used for improvements to the buildings and associated landscaping and car parking located within the Civic Centre Precinct (Melville City Centre).</i>  |                                    |                                    |                                    |
| Opening Balance   | 5,697                              | 5,709                              | 5,519                              |
| Funds to be set aside   | -                                  | -                                  | -                                  |
| Funds to be set aside - Investment Earnings   | 169                                | 159                                | 178                                |
| Funds to be used  | -                                  | -                                  | -                                  |
| Closing Balance   | <b>5,866</b>                       | <b>5,868</b>                       | <b>5,697</b>                       |
| <b>Commercial Refuse Reserve</b><br><i>To be used for the acquisition and replacement of commercial refuse bins, vehicles, and plant and equipment used for commercial waste operations and the development of commercial waste collection opportunities.</i>   |                                    |                                    |                                    |
| Opening Balance   | 2,098,223                          | 1,743,797                          | 1,435,054                          |
| Funds to be set aside   | 525,261                            | 52,445                             | 597,636                            |
| Funds to be set aside - Investment Earnings   | 77,602                             | 48,821                             | 65,533                             |
| Funds to be used  | -                                  | -                                  | -                                  |
| Closing Balance   | <b>2,701,086</b>                   | <b>1,845,063</b>                   | <b>2,098,223</b>                   |
| <b>Community Facilities Reserve</b><br><i>To be used for the provision of new, renewed or upgraded community facilities/buildings.</i>  |                                    |                                    |                                    |
| Opening Balance   | 18,788,677                         | 11,172,182                         | 13,176,570                         |
| Funds to be set aside   | 2,623,000                          | 2,623,000                          | 5,847,790                          |
| Funds to be set aside - Investment Earnings   | 623,096                            | 312,786                            | 586,822                            |
| Funds to be used  | (346,613)                          | (3,735,000)                        | (822,505)                          |
| Closing Balance   | <b>21,688,160</b>                  | <b>10,372,968</b>                  | <b>18,788,677</b>                  |
| <b>Community Surveillance and Security Reserve</b><br><i>To temporarily retain any surpluses that may arise from the Property Surveillance and Security Service Charge to be used to offset future years Property Surveillance and Security Service Charges or for the purchase of plant and equipment used for community surveillance and security services.</i> |                                    |                                    |                                    |
| Opening Balance   | 598,769                            | 566,011                            | 642,145                            |
| Funds to be set aside   | -                                  | -                                  | -                                  |
| Funds to be set aside - Investment Earnings   | 17,048                             | 15,847                             | 18,701                             |
| Funds to be used  | (22,410)                           | (76,976)                           | (62,077)                           |
| Closing Balance   | <b>593,407</b>                     | <b>504,882</b>                     | <b>598,769</b>                     |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 15: RESERVES CASH-BACKED**

|  | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|--|------------------------------------|------------------------------------|------------------------------------|
| <b>Fleet Services Vehicles, Plant and Equipment Replacement Reserve</b>  |                                    |                                    |                                    |
| <i>To be used to fund the purchase of replacement vehicles, plant and equipment.</i>   |                                    |                                    |                                    |
| Opening Balance  | 7,127,396                          | 3,749,786                          | 5,968,830                          |
| Funds to be set aside  | 2,000,000                          | 2,000,000                          | 2,189,015                          |
| Funds to be set aside - Investment Earnings  | 198,316                            | 97,069                             | 222,608                            |
| Funds to be used   | (2,422,921)                        | (1,600,037)                        | (1,253,057)                        |
| Closing Balance  | <b>6,902,791</b>                   | <b>4,246,818</b>                   | <b>7,127,396</b>                   |
| <b>Future Works Reserve</b>  |                                    |                                    |                                    |
| <i>To be used to fund the "New" component of the costs of Infrastructure Capital Works and Buildings as opposed to renewal of existing assets as per Asset Management Plans.</i>   |                                    |                                    |                                    |
| Opening Balance  | -                                  | 328,045                            | -                                  |
| Funds to be set aside  | 2,225,000                          | 2,225,000                          | 2,245,172                          |
| Funds to be set aside - Investment Earnings  | 2,361                              | 9,184                              | -                                  |
| Funds to be used   | (2,145,172)                        | (2,053,390)                        | (2,245,172)                        |
| Closing Balance  | <b>82,189</b>                      | <b>508,839</b>                     | <b>-</b>                           |
| <b>Information Technology Reserve</b>  |                                    |                                    |                                    |
| <i>To be used to fund the acquisition and replacement of computer software and information technology hardware.</i>  |                                    |                                    |                                    |
| Opening Balance  | 2,888,482                          | 1,968,414                          | 2,052,563                          |
| Funds to be set aside  | 650,000                            | 650,000                            | 1,200,417                          |
| Funds to be set aside - Investment Earnings  | 85,992                             | 55,109                             | 90,215                             |
| Funds to be used   | (631,348)                          | (832,014)                          | (454,713)                          |
| Closing Balance  | <b>2,993,126</b>                   | <b>1,841,509</b>                   | <b>2,888,482</b>                   |
| <b>Infrastructure Asset Management Reserve</b>   |                                    |                                    |                                    |
| <i>To be used to fund infrastructure asset management projects including the construction, maintenance and renewal of the City of Melville's road, path, kerbing, street furniture, park structures, playground, irrigation/reticulation and drainage infrastructure assets.</i> |                                    |                                    |                                    |
| Opening Balance  | 16,212,942                         | 14,018,293                         | 10,495,894                         |
| Funds to be set aside  | 14,225,673                         | 13,639,000                         | 14,167,210                         |
| Funds to be set aside - Investment Earnings  | 702,881                            | 365,780                            | 506,375                            |
| Funds to be used   | (6,676,264)                        | (9,371,987)                        | (8,956,537)                        |
| Closing Balance  | <b>24,465,232</b>                  | <b>18,651,086</b>                  | <b>16,212,942</b>                  |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 15: RESERVES CASH-BACKED**

|   | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|---|------------------------------------|------------------------------------|------------------------------------|
| <b>Land and Property Reserve</b>  |                                    |                                    |                                    |
| <i>To be used to:</i>   |                                    |                                    |                                    |
| <i>a) fund the acquisition or construction of commercial revenue earning land and or buildings, or</i>  |                                    |                                    |                                    |
| <i>b) fund the acquisition of land and buildings in structure plan areas to help encourage the redevelopment of those structure plan areas by assembling developable land parcels and fund with Council approval, infrastructure and other developments in line with structure plan principles; or</i>  |                                    |                                    |                                    |
| <i>c) internally fund the purchase or construction of City of Melville community facilities or infrastructure assets, on the basis that those funds will be returned to the Land and Property Reserve over a predetermined period of time with interest, with the interest rate being set at what would have been charged by the Western Australian Treasury Corporation for the term of the borrowing using the Semi Annual Annuity interest rate.</i> |                                    |                                    |                                    |
| Opening Balance   | 32,314,719                         | 30,758,243                         | 36,566,685                         |
| Funds to be set aside   | 3,235,124                          | 2,150,000                          | 2,776,776                          |
| Funds to be set aside - Investment Earnings   | 895,076                            | 854,638                            | 1,009,258                          |
| Funds to be used  | (5,289,930)                        | (227,435)                          | (8,038,000)                        |
| Closing Balance   | <b>31,154,989</b>                  | <b>33,535,446</b>                  | <b>32,314,719</b>                  |
| <b>Leave Entitlements Reserve</b>   |                                    |                                    |                                    |
| <i>To be used to fund the non-current liability amount of annual, sick and long service leave entitlements accrued in previous financial years beyond the amount provided for in the Provision for Leave current liability account.</i>   |                                    |                                    |                                    |
| Opening Balance   | 2,525,100                          | 2,229,915                          | 2,298,818                          |
| Funds to be set aside   | -                                  | 356,992                            | 300,089                            |
| Funds to be set aside - Investment Earnings   | 74,691                             | 62,431                             | 78,866                             |
| Funds to be used  | -                                  | (423,693)                          | (152,673)                          |
| Closing Balance   | <b>2,599,791</b>                   | <b>2,225,645</b>                   | <b>2,525,100</b>                   |
| <b>Library, Museums &amp; Arts Equipment &amp; Specialised Fitout Reserve</b>   |                                    |                                    |                                    |
| <i>To be used to fund the acquisition and replacement of the fit outs, furniture and specialised equipment for art centres, museums and libraries.</i>  |                                    |                                    |                                    |
| Opening Balance   | -                                  | -                                  | -                                  |
| Funds to be set aside   | 100,000                            | 100,000                            | -                                  |
| Funds to be set aside - Investment Earnings   | 907                                | -                                  | -                                  |
| Funds to be used  | (69,348)                           | (100,000)                          | -                                  |
| Closing Balance   | <b>31,559</b>                      | <b>-</b>                           | <b>-</b>                           |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 15: RESERVES CASH-BACKED**

|  | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|--|------------------------------------|------------------------------------|------------------------------------|
| <b>Organisational Environment Sustainability Initiatives Reserve</b>   |                                    |                                    |                                    |
| <i>To be used to fund environmental initiatives which are intended to reduce the energy usage and or carbon footprint of the corporation of the City of Melville or for debt servicing costs associated with any loan borrowings taken out for such purposes.</i>                    |                                    |                                    |                                    |
| Opening Balance  | -                                  | -                                  | -                                  |
| Funds to be set aside  | 786,172                            | 500,000                            | -                                  |
| Funds to be set aside - Investment Earnings  | 22,866                             | -                                  | -                                  |
| Funds to be used   | (13,153)                           | (500,000)                          | -                                  |
| Closing Balance  | <b>795,885</b>                     | <b>-</b>                           | <b>-</b>                           |
| <b>Parking Facilities Reserve</b>  |                                    |                                    |                                    |
| <i>To be used to fund the provision, refurbishment or improvement of parking facilities and equipment.</i>   |                                    |                                    |                                    |
| Opening Balance  | 274,252                            | 242,345                            | 177,522                            |
| Funds to be set aside  | 109,622                            | 60,407                             | 88,164                             |
| Funds to be set aside - Investment Earnings  | 9,323                              | 6,785                              | 8,566                              |
| Funds to be used   | (68,687)                           | -                                  | -                                  |
| Closing Balance  | <b>324,510</b>                     | <b>309,537</b>                     | <b>274,252</b>                     |
| <b>Private Swimming Pool Inspection Fee Reserve</b>  |                                    |                                    |                                    |
| <i>To temporarily retain any surpluses that may arise from the Swimming Pool Inspection fees to be used to offset any deficits that may occur in future years operations of the Private Swimming Pools Inspection Program.</i>   |                                    |                                    |                                    |
| Opening Balance  | 12,021                             | 4,107                              | 31,870                             |
| Funds to be set aside  | -                                  | -                                  | -                                  |
| Funds to be set aside - Investment Earnings  | 348                                | 115                                | 375                                |
| Funds to be used   | (255)                              | (2,629)                            | (20,224)                           |
| Closing Balance  | <b>12,114</b>                      | <b>1,593</b>                       | <b>12,021</b>                      |
| <b>Public Open Space and Urban Forest Reserve</b>  |                                    |                                    |                                    |
| <i>To be used to fund the purchase, development and re-development of public open spaces, including streetscapes, bushlands, parks and reserves and to fund initiatives to enhance and improve the urban forest or for debt servicing costs associated with any loan borrowings.</i> |                                    |                                    |                                    |
| Opening Balance  | 2,747,057                          | 2,591,094                          | 1,708,527                          |
| Funds to be set aside  | 834,967                            | 835,917                            | 952,732                            |
| Funds to be set aside - Investment Earnings  | 104,813                            | 72,543                             | 85,798                             |
| Funds to be used   | (38,600)                           | (50,000)                           | -                                  |
| Closing Balance  | <b>3,648,237</b>                   | <b>3,449,554</b>                   | <b>2,747,057</b>                   |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 15: RESERVES CASH-BACKED**

|   | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|---|------------------------------------|------------------------------------|------------------------------------|
| <b>Rates Equalisation Reserve</b>   |                                    |                                    |                                    |
| <i>To temporarily retain any surplus carried forward funds as shown in the audited Annual Financial Report Rate Setting Statement in excess of the estimated surplus funds brought forward amount identified in the following years Annual Budget Rate Setting Statement to subsequently be used to reduce the need to raise rates in future years or to meet any budget shortfalls identified during budget reviews.</i> |                                    |                                    |                                    |
| Opening Balance   | 2,201,832                          | 1,248,513                          | 1,344,523                          |
| Funds to be set aside   | 3,669,920                          | -                                  | 2,009,069                          |
| Funds to be set aside - Investment Earnings   | 137,211                            | 34,954                             | 39,059                             |
| Funds to be used  | (1,233,044)                        | -                                  | (1,190,819)                        |
| Closing Balance   | <b>4,775,919</b>                   | <b>1,283,467</b>                   | <b>2,201,832</b>                   |
| <b>Recreation Centres Specialised Plant, Equipment and Structures Reserve</b>   |                                    |                                    |                                    |
| <i>To be used to fund the acquisition, repair, upgrade and replacement of Recreation Centres specialised plant, equipment and structures.</i>   |                                    |                                    |                                    |
| Opening Balance   | 438,687                            | 470,254                            | 381,840                            |
| Funds to be set aside   | 890,000                            | 890,000                            | 330,000                            |
| Funds to be set aside - Investment Earnings   | 34,959                             | 4,342                              | 13,701                             |
| Funds to be used  | (146,815)                          | (760,080)                          | (286,854)                          |
| Closing Balance   | <b>1,216,831</b>                   | <b>604,516</b>                     | <b>438,687</b>                     |
| <b>Refuse Bins Reserve</b>  |                                    |                                    |                                    |
| <i>To be used for the purchase and replacement of domestic refuse and recycling bins or receptacles.</i>  |                                    |                                    |                                    |
| Opening Balance   | 1,685,669                          | 1,488,867                          | 1,398,643                          |
| Funds to be set aside   | 200,000                            | 200,000                            | 397,622                            |
| Funds to be set aside - Investment Earnings   | 50,643                             | 34,733                             | 52,648                             |
| Funds to be used  | (173,580)                          | (156,000)                          | (163,244)                          |
| Closing Balance   | <b>1,762,732</b>                   | <b>1,567,600</b>                   | <b>1,685,669</b>                   |
| <b>Refuse Facilities Reserve</b>  |                                    |                                    |                                    |
| <i>To be used for payments relating to the establishment and operation of waste management facilities, funding associated costs, and the cost of landscaping, environmental and rehabilitation works of former refuse tip sites operated by the City of Melville and for any additional waste collection and disposal costs of waste associated with storm or disaster events.</i>  |                                    |                                    |                                    |
| Opening Balance   | 8,852,986                          | 6,264,907                          | 5,885,196                          |
| Funds to be set aside   | -                                  | -                                  | 2,727,211                          |
| Funds to be set aside - Investment Earnings   | 256,796                            | 175,398                            | 276,503                            |
| Funds to be used  | (171,464)                          | -                                  | (35,924)                           |
| Closing Balance   | <b>8,938,318</b>                   | <b>6,440,305</b>                   | <b>8,852,986</b>                   |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 15: RESERVES CASH-BACKED**

|  | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|--|------------------------------------|------------------------------------|------------------------------------|
| <b>Risk Management Reserve</b><br><i>To be used to fund prior years insurance premium contingencies, the self insured element of insurance claims, risk reduction initiatives or projects and any losses arising from investment activities.</i>     |                                    |                                    |                                    |
| Opening Balance  | 5,036,674                          | 5,279,983                          | 4,654,781                          |
| Funds to be set aside  | 472,434                            | 75,000                             | 483,730                            |
| Funds to be set aside - Investment Earnings  | 162,957                            | 147,823                            | 157,309                            |
| Funds to be used   | -                                  | -                                  | (259,146)                          |
| Closing Balance  | <b>5,672,065</b>                   | <b>5,502,806</b>                   | <b>5,036,674</b>                   |
| <b>Special Projects Reserve</b><br><i>To be used to fund costs associated with City of Melville Council Elections, infrastructure asset condition surveys, asset valuations and gross rental value revaluations and strategic planning projects.</i> |                                    |                                    |                                    |
| Opening Balance  | 622,787                            | 113,705                            | -                                  |
| Funds to be set aside  | 1,000,000                          | 1,000,000                          | 980,000                            |
| Funds to be set aside - Investment Earnings  | 39,026                             | 3,183                              | 19,451                             |
| Funds to be used   | (303,432)                          | (95,096)                           | (376,664)                          |
| Closing Balance  | <b>1,358,381</b>                   | <b>1,021,792</b>                   | <b>622,787</b>                     |
| <b>Unexpended Capital Works Reserve</b><br><i>To be used to carry forward available funding for uncompleted projects and specific purpose grants that will be completed and expended in ensuing financial years.</i>                                 |                                    |                                    |                                    |
| Opening Balance  | 7,659,651                          | 3,514,618                          | 6,502,662                          |
| Funds to be set aside  | 3,221,096                          | -                                  | 7,659,651                          |
| Funds to be set aside - Investment Earnings  | -                                  | -                                  | -                                  |
| Funds to be used   | (7,659,651)                        | (3,514,618)                        | (6,502,662)                        |
| Closing Balance  | <b>3,221,096</b>                   | <b>-</b>                           | <b>7,659,651</b>                   |
| <b>Summary</b>   |                                    |                                    |                                    |
| Opening Balance  | 112,193,312                        | 87,847,096                         | 95,757,355                         |
| Funds to be set aside  | 36,768,269                         | 27,357,761                         | 44,952,284                         |
| Funds to be set aside - Investment Earnings  | 3,500,089                          | 2,304,163                          | 3,235,835                          |
| Funds to be used   | (27,412,687)                       | (23,498,955)                       | (31,752,164)                       |
| Closing Balance  | <b>125,048,982</b>                 | <b>94,010,065</b>                  | <b>112,193,310</b>                 |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 15: RESERVES CASH-BACKED**

|  | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|--|------------------------------------|------------------------------------|------------------------------------|
| <b>RESERVES SUMMARY</b>  |                                    |                                    |                                    |
| <b>Total Funds to be Set Aside</b>                                     |                                    |                                    |                                    |
| Ardross East UGP & Streetscape Enhancement Reserve                     | 402                                | -                                  | 424                                |
| Attadale North Underground Power & Streetscape Enhancement Reserve     | 2,606                              | 2,463                              | 2,752                              |
| Attadale South Underground Power & Streetscape Enhancement Reserve     | -                                  | -                                  | 354                                |
| Attadale West Underground Power & Streetscape Enhancement Reserve      | -                                  | -                                  | 340                                |
| Civic Centre Precinct Improvements Reserve                             | 169                                | 159                                | 178                                |
| Commercial Refuse Reserve  | 602,863                            | 101,266                            | 663,169                            |
| Community Facilities Reserve   | 3,246,096                          | 2,935,786                          | 6,434,612                          |
| Community Surveillance and Security Reserve                            | 17,048                             | 15,847                             | 18,701                             |
| Fleet Services Vehicles, Plant and Equipment Replacement Reserve       | 2,198,316                          | 2,097,069                          | 2,411,623                          |
| Future Works Reserve   | 2,227,361                          | 2,234,184                          | 2,245,172                          |
| Information Technology Reserve   | 735,992                            | 705,109                            | 1,290,632                          |
| Infrastructure Asset Management Reserve                                | 14,928,554                         | 14,004,780                         | 14,673,585                         |
| Land and Property Reserve  | 4,130,200                          | 3,004,638                          | 3,786,034                          |
| Leave Entitlements Reserve   | 74,691                             | 419,423                            | 378,955                            |
| Library, Museums & Arts Equipment & Specialised Fitout Reserve         | 100,907                            | 100,000                            | -                                  |
| Organisational Environment Sustainability Initiatives                  | 809,038                            | 500,000                            | -                                  |
| Parking Facilities Reserve   | 118,945                            | 67,192                             | 96,730                             |
| Private Swimming Pool Inspection Fee Reserve                           | 348                                | 115                                | 375                                |
| Public Open Space and Urban Forest Reserve                             | 939,780                            | 908,460                            | 1,038,530                          |
| Rates Equalisation Reserve   | 3,807,131                          | 34,954                             | 2,048,128                          |
| Recreation Centres Specialised Plant, Equipment and Structures Reserve | 924,959                            | 894,342                            | 343,701                            |
| Refuse Bins Reserve  | 250,643                            | 234,733                            | 450,270                            |
| Refuse Facilities Reserve  | 256,796                            | 175,398                            | 3,003,714                          |
| Risk Management Reserve  | 635,391                            | 222,823                            | 641,039                            |
| Special Projects Reserve   | 1,039,026                          | 1,003,183                          | 999,451                            |
| Unexpended Capital Works Reserve                                       | 3,221,096                          | -                                  | 7,659,650                          |
|  | <b>40,268,358</b>                  | <b>29,661,924</b>                  | <b>48,188,119</b>                  |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 15: RESERVES CASH-BACKED**

|  | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|--|------------------------------------|------------------------------------|------------------------------------|
| <b>Total Funds to be Used</b>  |                                    |                                    |                                    |
| Ardross East UGP & Streetscape Enhancement Reserve                     | -                                  | -                                  | (672,800)                          |
| Attadale North Underground Power & Streetscape Enhancement Reserve     | -                                  | -                                  | -                                  |
| Attadale South Underground Power & Streetscape Enhancement Reserve     | -                                  | -                                  | (132,269)                          |
| Attadale West Underground Power & Streetscape Enhancement Reserve      | -                                  | -                                  | (126,824)                          |
| Civic Centre Precinct Improvements Reserve                             | -                                  | -                                  | -                                  |
| Commercial Refuse Reserve  | -                                  | -                                  | -                                  |
| Community Facilities Reserve   | (346,613)                          | (3,735,000)                        | (822,505)                          |
| Community Surveillance and Security Reserve                            | (22,410)                           | (76,976)                           | (62,077)                           |
| Fleet Services Vehicles, Plant and Equipment Replacement Reserve       | (2,422,921)                        | (1,600,037)                        | (1,253,057)                        |
| Future Works Reserve   | (2,145,172)                        | (2,053,390)                        | (2,245,172)                        |
| Information Technology Reserve   | (631,348)                          | (832,014)                          | (454,713)                          |
| Infrastructure Asset Management Reserve                                | (6,676,264)                        | (9,371,987)                        | (8,956,537)                        |
| Land and Property Reserve  | (5,289,930)                        | (227,435)                          | (8,038,000)                        |
| Leave Entitlements Reserve   | -                                  | (423,693)                          | (152,673)                          |
| Library, Museums & Arts Equipment & Specialised Fitout Reserve         | (69,348)                           | (100,000)                          | -                                  |
| Organisational Environment Sustainability Initiatives                  | (13,153)                           | (500,000)                          | -                                  |
| Parking Facilities Reserve   | (68,687)                           | -                                  | -                                  |
| Private Swimming Pool Inspection Fee Reserve                           | (255)                              | (2,629)                            | (20,224)                           |
| Public Open Space and Urban Forest Reserve                             | (38,600)                           | (50,000)                           | -                                  |
| Rates Equalisation Reserve   | (1,233,044)                        | -                                  | (1,190,819)                        |
| Recreation Centres Specialised Plant, Equipment and Structures Reserve | (146,815)                          | (760,080)                          | (286,854)                          |
| Refuse Bins Reserve  | (173,580)                          | (156,000)                          | (163,244)                          |
| Refuse Facilities Reserve  | (171,464)                          | -                                  | (35,924)                           |
| Risk Management Reserve  | -                                  | -                                  | (259,146)                          |
| Special Projects Reserve   | (303,432)                          | (95,096)                           | (376,664)                          |
| Unexpended Capital Works Reserve                                       | (7,659,651)                        | (3,514,618)                        | (6,502,662)                        |
|  | <b>(27,412,687)</b>                | <b>(23,498,955)</b>                | <b>(31,752,164)</b>                |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 15(a): ASSET REVALUATION SURPLUS**

| Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets: |  | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|---|--|------------------------------------|------------------------------------|
| <b>Land and Buildings</b>   |  |                                    |                                    |
| Land - Opening Balance  |  | 512,041,967                        | 512,041,967                        |
| Revaluation Increment / (Decrement)   |  | -                                  |                                    |
| Closing Balance   |  | 512,041,967                        | 512,041,967                        |
| Buildings - Opening Balance   |  | 120,528,332                        | 120,528,332                        |
| Revaluation Increment / (Decrement)   |  | -                                  |                                    |
| Closing Balance   |  | 120,528,332                        | 120,528,332                        |
| Land Vested In & Under Council Control  |  | 5,138,491                          | 5,138,491                          |
| Revaluation Increment / (Decrement)   |  | -                                  |                                    |
| Closing Balance   |  | 5,138,491                          | 5,138,491                          |
| <b>Total Land and Buildings</b>   |  | <b>637,708,790</b>                 | <b>637,708,790</b>                 |
| <b>Plant and Equipment</b>  |  |                                    |                                    |
| Artworks - Opening Balance  |  | 2,221,091                          | 146,087                            |
| Revaluation Increment / (Decrement)   |  | -                                  | 2,075,004                          |
| Closing Balance   |  | 2,221,091                          | 2,221,091                          |
| Computer Equipment - Opening Balance  |  | 392,927                            | 289,706                            |
| Revaluation Increment / (Decrement)   |  | -                                  | 103,221                            |
| Closing Balance   |  | 392,927                            | 392,927                            |
| Electronic Equipment - Opening Balance  |  | 48,199                             | 30,211                             |
| Revaluation Increment / (Decrement)   |  | -                                  | 17,988                             |
| Closing Balance   |  | 48,199                             | 48,199                             |
| Furniture & Fittings - Opening Balance  |  | 233,352                            | 365,169                            |
| Revaluation Increment / (Decrement)   |  | -                                  | (131,817)                          |
| Closing Balance   |  | 233,352                            | 233,352                            |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 15(a): ASSET REVALUATION SURPLUS**

| Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets: |                 | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|---|-----------------|------------------------------------|------------------------------------|
| Plant & Equipment - Opening Balance   |                 | 14,111,403                         | 11,111,930                         |
| Revaluation Increment / (Decrement)   |                 | 2,170,759                          | 2,999,473                          |
|   | Closing Balance | 16,282,162                         | 14,111,403                         |
| Mobile Plant - Opening Balance  |                 | 1,203,447                          | 875,130                            |
| Revaluation Increment / (Decrement)   |                 | -                                  | 328,317                            |
|   | Closing Balance | 1,203,447                          | 1,203,447                          |
|   |                 |                                    |                                    |
| <b>Total Plant and Equipment</b>  |                 | <b>20,381,178</b>                  | <b>18,210,419</b>                  |
| <b>Infrastructure</b>   |                 |                                    |                                    |
| Drains - Opening Balance  |                 | 40,902,485                         | 43,622,581                         |
| Revaluation Increment / (Decrement)   |                 | 9,991,067                          | (2,720,096)                        |
|   | Closing Balance | 50,893,552                         | 40,902,485                         |
| Footpaths - Opening Balance   |                 | 47,883,319                         | 51,291,084                         |
| Revaluation Increment / (Decrement)   |                 | 4,850,954                          | (3,407,765)                        |
|   | Closing Balance | 52,734,273                         | 47,883,319                         |
| Roads - Opening Balance   |                 | 81,625,957                         | 37,324,151                         |
| Revaluation Increment / (Decrement)   |                 | (5,181,940)                        | 44,301,806                         |
|   | Closing Balance | 76,444,017                         | 81,625,957                         |
|   |                 |                                    |                                    |
| <b>Total Infrastructure</b>   |                 | <b>105,704,542</b>                 | <b>90,862,521</b>                  |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 15(a): ASSET REVALUATION SURPLUS**

| Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets: |                 | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|---|-----------------|------------------------------------|------------------------------------|
| <b>Infrastructure - Other</b>   |                 |                                    |                                    |
| Parks - Opening Balance   |                 | (1,372,958)                        | (1,372,958)                        |
| Revaluation Increment / (Decrement)   |                 | -                                  | -                                  |
|   | Closing Balance | (1,372,958)                        | (1,372,958)                        |
| Irrigation - Opening Balance  |                 | 2,076,717                          | 2,076,717                          |
| Revaluation Increment / (Decrement)   |                 | -                                  | -                                  |
|   | Closing Balance | 2,076,717                          | 2,076,717                          |
| Street Furniture - Opening Balance  |                 | 1,838,645                          | 1,838,645                          |
| Revaluation Increment / (Decrement)   |                 | -                                  | -                                  |
|   | Closing Balance | 1,838,645                          | 1,838,645                          |
| <b>Total Infrastructure - Other</b>   |                 | <b>76,909,704</b>                  | <b>82,091,644</b>                  |
| <b>Share of Revaluation of SMRC Non Current Assets</b>  |                 | 470,205                            |                                    |
| <b>Reserves - Asset Revaluation</b>   |                 | <b>841,174,419</b>                 | <b>828,873,374</b>                 |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 16: TRUST ITEMS**

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

|   | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|---|------------------------------------|------------------------------------|
| <b>Deposits Held</b>                        |                                    |                                    |
| Opening Balance                             | 281,944                            | 221,875                            |
| Amounts Received                            | 286,577                            | 124,069                            |
| Amounts Paid                                | (6,900)                            | (64,000)                           |
| Closing Balance                             | <b>561,621</b>                     | <b>281,944</b>                     |
| <b>Retention Monies</b>                     |                                    |                                    |
| Opening Balance                             | 25,643                             | -                                  |
| Amounts Received                            | -                                  | 25,643                             |
| Amounts Paid                                | -                                  | -                                  |
| Closing Balance                             | <b>25,643</b>                      | <b>25,643</b>                      |
| <b>Prepaid Private Works</b>                |                                    |                                    |
| Opening Balance                             | 291,531                            | 291,531                            |
| Amounts Received                            | 20,000                             | -                                  |
| Amounts Paid                                | -                                  | -                                  |
| Closing Balance                             | <b>311,531</b>                     | <b>291,531</b>                     |
| <b>BCITF and Builders Registration Levy</b> |                                    |                                    |
| Opening Balance                             | 50,454                             | 156,878                            |
| Amounts Received                            | 1,396,073                          | 886,021                            |
| Amounts Paid                                | (1,112,385)                        | (992,445)                          |
| Closing Balance                             | <b>334,142</b>                     | <b>50,454</b>                      |
|   | <b>1,232,937</b>                   | <b>649,572</b>                     |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**17. STATEMENT OF RATING INFORMATION**

| <b>Current Year Actuals<br/>2016-2017</b>       | <b>GENERAL RATE</b>     |                                  |                                 |                              | <b>MINIMUM RATE</b> |   |                    |                     | <b>TOTAL<br/>\$</b> |
|---|-------------------------|----------------------------------|---------------------------------|------------------------------|---------------------|---|--------------------|---------------------|---------------------|
|   | <b>No. of<br/>Prop.</b> | <b>Rateable<br/>value<br/>\$</b> | <b>Rate in<br/>\$<br/>Cents</b> | <b>Rate<br/>Yield<br/>\$</b> | <b>No.</b>          | <b>Minimums<br/>Rateable<br/>Value \$</b> | <b>Min.<br/>\$</b> | <b>Yield<br/>\$</b> |                     |
| General Rate GRV                                |                         |                                  |                                 |                              |                     |   |                    |                     |                     |
| Residential - Improved                          | 28,370                  | 824,953,024                      | 6.255597                        | 51,605,737                   | 11,181              | 182,000,224                               | 1,233.50           | 13,791,764          | <b>65,397,500</b>   |
| Residential - Unimproved                        | 802                     | 20,246,230                       | 7.046511                        | 1,426,653                    | 211                 | 1,948,768                                 | 786.80             | 166,015             | <b>1,592,668</b>    |
|   | <b>29,172</b>           | <b>845,199,254</b>               |                                 | <b>53,032,388</b>            | <b>11,392</b>       | <b>183,948,992</b>                        |                    | <b>13,957,778</b>   | <b>66,990,168</b>   |
| Commercial - Improved                           | 1,488                   | 250,947,285                      | 6.501477                        | 16,315,280                   | 186                 | 1,455,693                                 | 956.90             | 177,983             | <b>16,493,263</b>   |
| Commercial - Unimproved                         | 16                      | 822,498                          | 6.501477                        | 53,475                       | 3                   | 15,220                                    | 956.90             | 2,871               | <b>56,345</b>       |
| Strata Storage Units                            |                         |                                  |                                 |                              | 57                  | 110,629                                   | 956.90             | 54,543              | <b>54,543</b>       |
|   | <b>1,504</b>            | <b>251,769,783</b>               |                                 | <b>16,368,756</b>            | <b>246</b>          | <b>1,581,542</b>                          |                    | <b>235,397</b>      | <b>16,604,152</b>   |
| <b>Sub Total General Rate</b>                   | <b>30,676</b>           | <b>1,096,969,037</b>             |                                 | <b>69,401,144</b>            | <b>11,638</b>       | <b>185,530,534</b>                        |                    | <b>14,193,176</b>   | <b>83,594,320</b>   |
| Storage Unit Concession                         |                         |                                  |                                 |                              |                     |   |                    |                     | (27,272)            |
| Interim Rates                                   |                         |                                  |                                 |                              |                     |   |                    |                     |                     |
| Residential - Improved                          |                         | 2,269,846                        | 6.255597                        | 362,850                      |                     | 1,272,834                                 | 1,233.50           | 96,454              | 459,304             |
| Residential - Unimproved                        |                         | (599,331)                        | 7.046511                        | (85,054)                     |                     | (110,934)                                 | 786.80             | (9,450)             | (94,504)            |
| Commercial - Improved                           |                         | (2,608,580)                      | 6.501477                        | (401,229)                    |                     | -   | 786.80             | -                   | (401,229)           |
| Commercial - Unimproved                         |                         | 262,853                          | 6.501477                        | 40,430                       |                     | -   | 786.80             | -                   | 40,430              |
| Reversal of Rates received in advance 2015-2016 |                         |                                  |                                 |                              |                     |   |                    |                     | (951,267)           |
| Rates received in advance in 2016-2017*         |                         |                                  |                                 |                              |                     |   |                    |                     | 876,999             |
| <b>Total Amount Raised from Rates</b>           |                         |                                  |                                 |                              |                     |   |                    |                     | <b>83,496,781</b>   |
| Instalment Administration Fee                   |                         |                                  |                                 |                              |                     |   |                    |                     | 187,295             |
| Instalment Interest                             |                         |                                  |                                 |                              |                     |   |                    |                     | 323,960             |
| Late Payment Interest                           |                         |                                  |                                 |                              |                     |   |                    |                     | 281,439             |
| <b>GRAND TOTAL</b>                              | <b>30,676</b>           | <b>1,096,293,825</b>             |                                 | <b>69,318,142</b>            | <b>11,638</b>       | <b>186,692,435</b>                        |                    | <b>14,280,179</b>   | <b>84,289,475</b>   |

| <b>Current Year Actuals<br/>2016-2017</b> | <b>Rate Assessments</b> |             | <b>Rateable Value</b> |             | <b>Rate Yield</b> |             | <b>Average Rate</b> |
|---|-------------------------|-------------|-----------------------|-------------|-------------------|-------------|---------------------|
|   | <b>#</b>                | <b>%</b>    | <b>\$</b>             | <b>%</b>    | <b>\$</b>         | <b>%</b>    | <b>\$</b>           |
| Residential                               | 40,564                  | 95.86%      | 1,006,953,248         | 79.90%      | 66,990,167        | 80.14%      | 1,651               |
| Commercial                                | 1,750                   | 4.31%       | 253,351,325           | 20.10%      | 16,604,153        | 19.86%      | 9,488               |
|   | <b>42,314</b>           | <b>100%</b> | <b>1,260,304,573</b>  | <b>100%</b> | <b>83,594,320</b> | <b>100%</b> |                     |

**Rates Received in Advance\***

Rates received in advance for the amount of \$876,999 is recognised as rates income as per AASB 1004, paragraph 30.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**17. STATEMENT OF RATING INFORMATION**

| <b>Current Year Budget<br/>2016-2017</b> | <b>GENERAL RATE</b>     |                                  |                                 |                              | <b>MINIMUM RATE</b> |   |                    |                     | <b>TOTAL<br/>\$</b> |
|--|-------------------------|----------------------------------|---------------------------------|------------------------------|---------------------|---|--------------------|---------------------|---------------------|
|  | <b>No. of<br/>Prop.</b> | <b>Rateable<br/>value<br/>\$</b> | <b>Rate in<br/>\$<br/>Cents</b> | <b>Rate<br/>Yield<br/>\$</b> | <b>No.</b>          | <b>Minimums<br/>Rateable<br/>Value \$</b> | <b>Min.<br/>\$</b> | <b>Yield<br/>\$</b> |                     |
| General Rate GRV                         |                         |                                  |                                 |                              |                     |   |                    |                     |                     |
| Residential - Improved                   | 28,362                  | 824,631,995                      | 6.255597                        | 51,585,654                   | 11,190              | 182,149,984                               | 1,233.50           | 13,802,865          | <b>65,388,519</b>   |
| Residential - Unimproved                 | 802                     | 20,176,170                       | 7.046511                        | 1,421,716                    | 211                 | 1,948,768                                 | 786.80             | 166,015             | <b>1,587,731</b>    |
|  | <b>29,164</b>           | <b>844,808,165</b>               |                                 | <b>53,007,370</b>            | <b>11,401</b>       | <b>184,098,752</b>                        |                    | <b>13,968,880</b>   | <b>66,976,250</b>   |
| Commercial - Improved                    | 1,487                   | 250,914,454                      | 6.501477                        | 16,313,146                   | 186                 | 1,455,693                                 | 956.90             | 177,983             | <b>16,491,129</b>   |
| Commercial - Unimproved                  | 16                      | 822,498                          | 6.501477                        | 53,475                       | 3                   | 15,220                                    | 956.90             | 2,871               | <b>56,345</b>       |
| Strata Storage Units                     | -                       | -                                | 6.501477                        | -                            | 57                  | 110,629                                   | 956.90             | 54,543              | <b>54,543</b>       |
|  | <b>1,503</b>            | <b>251,736,952</b>               |                                 | <b>16,366,620</b>            | <b>246</b>          | <b>1,581,542</b>                          |                    | <b>235,397</b>      | <b>16,602,017</b>   |
| <b>Sub Total General Rate</b>            | <b>30,667</b>           | <b>1,096,545,117</b>             |                                 | <b>69,373,990</b>            | <b>11,647</b>       | <b>185,680,294</b>                        |                    | <b>14,204,277</b>   | <b>83,578,268</b>   |
| Storage Unit Concession                  |                         |                                  |                                 |                              |                     |   |                    |                     | (27,272)            |
| Interim Rates                            |                         |                                  |                                 |                              |                     |   |                    |                     |                     |
| Residential - Improved                   | 68                      | 1,969,765                        | 6.255597                        | 123,221                      | 27                  | 399,302                                   | 1,233.50           | 33,305              | 156,525             |
| Residential - Unimproved                 | 2                       | 42,771                           | 7.046511                        | 3,014                        | 1                   | 8,374                                     | 786.80             | 787                 | 3,801               |
| Commercial - Improved                    | 4                       | 592,468                          | 6.501477                        | 38,519                       | 1                   | 11,039                                    | 956.90             | 957                 | 39,476              |
| Commercial - Unimproved                  |                         |                                  |                                 |                              |                     |   |                    |                     |                     |
| <b>Total Amount Raised from Rates</b>    |                         |                                  |                                 |                              |                     |   |                    |                     | <b>83,750,798</b>   |
| Instalment Administration Fee            |                         |                                  |                                 |                              |                     |   |                    |                     | 188,471             |
| Instalment Interest                      |                         |                                  |                                 |                              |                     |   |                    |                     | 250,000             |
| Late Payment Interest                    |                         |                                  |                                 |                              |                     |   |                    |                     | 237,350             |
| <b>GRAND TOTAL</b>                       | <b>30,741</b>           | <b>1,099,150,121</b>             |                                 | <b>69,538,744</b>            | <b>11,676</b>       | <b>186,099,009</b>                        |                    | <b>14,239,326</b>   | <b>84,426,619</b>   |

| <b>Current Year Budget<br/>2016-2017</b> | <b>Rate Assessments</b> |             | <b>Rateable Value</b> |             | <b>Rate Yield</b> |             | <b>Average Rate</b> |
|--|-------------------------|-------------|-----------------------|-------------|-------------------|-------------|---------------------|
|  | <b>#</b>                | <b>%</b>    | <b>\$</b>             | <b>%</b>    | <b>\$</b>         | <b>%</b>    | <b>\$</b>           |
| Residential                              | 40,565                  | 95.87%      | 1,028,906,917         | 80.24%      | 66,976,250        | 80.14%      | 1,651               |
| Commercial                               | 1,749                   | 4.13%       | 253,318,494           | 19.76%      | 16,602,017        | 19.86%      | 9,492               |
|  | <b>42,314</b>           | <b>100%</b> | <b>1,282,225,411</b>  | <b>100%</b> | <b>83,578,268</b> | <b>100%</b> |                     |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**17. STATEMENT OF RATING INFORMATION**

**DIFFERENTIAL RATING**

A differential rate loading of 12.64 per cent above the residential improved land rate was applied to residential unimproved (vacant) land. A differential rate loading of 3.93 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 6.326597 cents with a minimum rate of \$1,219.57. This rate is referred to as the standard rate.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

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

**(a) Discounts**

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

**(b) Early Payment Incentive**

Ratepayers who paid their rates in full by the early payment date of 10 August 2016 were automatically eligible to go into the draw to win one of three \$1,000 Westpac Reward Saver Accounts. Those who signed up for email rates or registered for Bpay View or MyPost Digital Mailbox by 24 August 2016 were automatically eligible to win one of six prizes sponsored by various organisations listed below.

| <b>Prizes offered as early payment incentives</b>                         | <b>\$</b>          |
|---|--------------------|
| Major Prize - Westpac Banking Corporation Bonus Saver Account             | Three (3) of 1,000 |
| Minor Prize - City of Melville Gym Memberships                            | 2,856              |
| Minor Prize - Matters of Taste Cooking Classes                            | 660                |
| Minor Prize - Stockland Bull Creek Shopping Centre Voucher                | 500                |
| Minor Prize - Le Beau Day Clinic & Spa                                    | 400                |
| Minor Prize - Health & Wellness Gift Basket                               | 500                |
| Minor Prize - Two Double passes for Western Australian Symphony Orchestra | 364                |
| <b>Total</b>  | <b>8,280</b>       |

**(c) Concessions**

A concession was granted to strata titled storage units of 18m<sup>2</sup> or smaller, whereby the minimum rate charged was \$478.45. The value of this concession was \$27,271.65. The concession was granted due to the size and Gross Rental Value (GRV less than \$956.90) of the storage units. A 100% concession from General Rates was granted to the Melville Glades Golf Club. The value of this concession was \$17,626.80. The City grant a concession to the Club, as the club maintains the grounds and facilities at no cost to the City.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

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

|                               | <b><i>Interest<br/>Rate<br/>%</i></b> | <b><i>2016-2017<br/>Actual<br/>\$</i></b> | <b><i>2016-2017<br/>Budget<br/>\$</i></b> | <b><i>2015-2016<br/>Actual<br/>\$</i></b> |
|-------------------------------|---------------------------------------|---|---|---|
| Late Payment Interest         | 8                                     | 281,439                                   | 237,350                                   | 257,287                                   |
| Instalment Interest           | 4                                     | 323,960                                   | 250,000                                   | 287,637                                   |
| Instalment Administration Fee |                                       | 187,295                                   | 188,471                                   | 185,457                                   |

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

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

The following three payment options were provided to ratepayers:

**Option 1** - Full amount of the rate notice payable by 10 August 2016 to qualify for the early payment

**Option 2** - Full amount of the rate notice payable by 24 August 2016.

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

|                |     |                 |
|----------------|-----|-----------------|
| 1st Instalment | Due | 24 August 2016  |
| 2nd Instalment | Due | 24 October 2016 |
| 3rd Instalment | Due | 3 January 2017  |
| 4th Instalment | Due | 7 March 2017    |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 20: FEES AND CHARGES**

| <b>Program</b>              | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|-----------------------------|------------------------------------|------------------------------------|------------------------------------|
| Governance                  | -                                  | -                                  | 29,607                             |
| General Purpose Funding     | 376,731                            | 337,200                            | 272,572                            |
| Law, Order, Public Safety   | 303,651                            | 229,015                            | 334,993                            |
| Health                      | 280,789                            | 285,160                            | 328,755                            |
| Education & Welfare         | 77,332                             | 73,044                             | 78,561                             |
| Housing                     | 98,459                             | 106,697                            | 64,371                             |
| Community Amenities         | 3,246,119                          | 3,033,323                          | 3,379,311                          |
| Recreation and Culture      | 7,520,311                          | 7,732,030                          | 7,239,521                          |
| Transport                   | 1,007,995                          | 1,064,203                          | 1,022,881                          |
| Economic Services           | 2,612,333                          | 2,254,727                          | 2,668,887                          |
| Other Property and Services | 146,392                            | 119,107                            | 138,447                            |
|                             | <b>15,670,112</b>                  | <b>15,234,506</b>                  | <b>15,557,906</b>                  |

| <b>Swimming Pool Inspections</b>   | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|--|------------------------------------|------------------------------------|------------------------------------|
| <b>Operating Income</b>  |                                    |                                    |                                    |
| Staff Vehicle Contributions  | 2,350                              | 2,300                              | 2,050                              |
| Building Application Fees  | -                                  | -                                  | (35)                               |
| Swimming Pool Inspection Fees  | 352,993                            | 354,213                            | 325,286                            |
| <b>Total Operating Income</b>  | <b>355,343</b>                     | <b>356,513</b>                     | <b>327,301</b>                     |
| <b>Operating Expenditure</b>   |                                    |                                    |                                    |
| Employee Costs   | (159,079)                          | (160,209)                          | (146,137)                          |
| Materials & Contracts  | -                                  | (665)                              | (352)                              |
| Internal Charges   | (196,519)                          | (198,268)                          | (201,036)                          |
| <b>Total Operating Expenditure</b>   | <b>(355,598)</b>                   | <b>(359,142)</b>                   | <b>(347,525)</b>                   |
| <b>Net Swimming Pool</b>   | <b>(255)</b>                       | <b>(2,629)</b>                     | <b>(20,224)</b>                    |
| <b>Transfer From/(To) Private Swimming<br/>Pool Inspection Fee Reserve</b> | <b>255</b>                         | <b>2,629</b>                       | <b>20,224</b>                      |
| <b>NET</b>   | <b>-</b>                           | <b>-</b>                           | <b>-</b>                           |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 21: SERVICE CHARGES**

| <b>SERVICE CHARGES</b>     | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|----------------------------|------------------------------------|------------------------------------|------------------------------------|
| Community Security         | 2,265,675                          | 2,255,782                          | 2,225,503                          |
| Underground Power Projects | 5,272,635                          | 6,198,704                          | 3,176,071                          |
|                            | <b>7,538,310</b>                   | <b>8,454,486</b>                   | <b>5,401,574</b>                   |

| <b>Community Security</b>                            | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|--|------------------------------------|------------------------------------|------------------------------------|
| <b>Operating Income</b>                              |                                    |                                    |                                    |
| Staff Vehicle Contributions                          | 2,297                              | 2,475                              | 2,435                              |
| Call Out/Alarm Response Fees                         | 1,473                              | -                                  | 1,500                              |
| City of Melville Security Patrol Fees                | 2,261,905                          | 2,253,307                          | 2,221,568                          |
| <b>Total Operating Income</b>                        | <b>2,265,675</b>                   | <b>2,255,782</b>                   | <b>2,225,503</b>                   |
| <b>Operating Expenditure</b>                         |                                    |                                    |                                    |
| Employee Costs                                       | (1,673,594)                        | (1,768,898)                        | (1,668,967)                        |
| Materials & Contracts                                | (44,296)                           | (46,904)                           | (22,134)                           |
| Insurance  | (3,876)                            | (3,000)                            | (3,801)                            |
| Other Expenditure                                    | -                                  | (2,000)                            | (818)                              |
| Internal Charges                                     | (595,465)                          | (527,958)                          | (614,811)                          |
| Internal Recovery                                    | 29,146                             | 16,000                             | 22,949                             |
| <b>Total Operating Expenditure</b>                   | <b>(2,288,085)</b>                 | <b>(2,332,758)</b>                 | <b>(2,287,581)</b>                 |
| <b>Net Community Security</b>                        | <b>(22,410)</b>                    | <b>(76,976)</b>                    | <b>(62,077)</b>                    |
| <b>Transfer From/(To) Community Security Reserve</b> | <b>22,410</b>                      | <b>76,976</b>                      | <b>62,077</b>                      |
| <b>Net - Surplus / (Deficit)</b>                     | <b>-</b>                           | <b>-</b>                           | <b>-</b>                           |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 21: SERVICE CHARGES**

| <b>Underground Power Projects</b>                            | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|--|------------------------------------|------------------------------------|------------------------------------|
| <b>Operating Income</b>                                      |                                    |                                    |                                    |
| Melville South Underground Power                             | 1,104,872                          | 1,744,231                          | 3,176,071                          |
| Bicton North Underground Power                               | 4,167,763                          | 4,454,473                          | -                                  |
| <b>Total Operating Income</b>                                | <b>5,272,635</b>                   | <b>6,198,704</b>                   | <b>3,176,071</b>                   |
| <b>Operating Expenditure</b>                                 |                                    |                                    |                                    |
| Western Power - Melville South Underground Power Cash Calls  | (1,592,292)                        | (1,744,231)                        | (3,200,000)                        |
| Western Power - Bicton North Underground Power Cash Calls    | (4,254,673)                        | (4,454,473)                        | (650,000)                          |
| <b>Total Operating Expenditure</b>                           | <b>(5,846,965)</b>                 | <b>(6,198,704)</b>                 | <b>(3,850,000)</b>                 |
| <b>Net Underground Power Projects</b>                        | <b>(574,330)</b>                   | <b>-</b>                           | <b>(673,929)</b>                   |
| <b>Transfer From/(To) Underground Power Projects Reserve</b> | <b>-</b>                           | <b>-</b>                           | <b>650,000</b>                     |
| <b>Net - Surplus / (Deficit)</b>                             | <b>(574,330)</b>                   | <b>-</b>                           | <b>(23,929)</b>                    |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 22: GRANTS, SUBSIDIES AND CONTRIBUTIONS**

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

| <b>By Nature or Type</b>                          | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|---|------------------------------------|------------------------------------|------------------------------------|
| Operating Grants, Subsidies and Contributions     | 5,483,556                          | 3,680,028                          | 2,215,270                          |
| Non-Operating Grants, Subsidies and Contributions | 3,806,299                          | 3,320,764                          | 3,153,158                          |
|   | <b>9,289,855</b>                   | <b>7,000,792</b>                   | <b>5,368,428</b>                   |

| <b>By Program</b>  | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|--|------------------------------------|------------------------------------|------------------------------------|
| <b>Operating Grants, Subsidies and Contributions</b>     |                                    |                                    |                                    |
| Governance   | 1,644                              | -                                  | 10,905                             |
| General Purpose Funding                                  | 4,876,924                          | 3,200,000                          | 1,537,029                          |
| Law, Order, Public Safety                                | 68,614                             | 21,655                             | 41,320                             |
| Health   | 19,091                             | 60,000                             | 32,273                             |
| Education & Welfare                                      | 160,060                            | 112,110                            | 134,102                            |
| Community Amenities                                      | 63,800                             | 33,000                             | 163,093                            |
| Recreation and Culture                                   | 137,017                            | 78,422                             | 143,394                            |
| Transport  | 125,502                            | 137,508                            | 131,096                            |
| Economic Services  | 20,517                             | 30,333                             | 21,068                             |
| Other Property and Services                              | 10,388                             | 7,000                              | 990                                |
|  | <b>5,483,556</b>                   | <b>3,680,028</b>                   | <b>2,215,270</b>                   |
| <b>Non-Operating Grants, Subsidies and Contributions</b> |                                    |                                    |                                    |
| Community Amenities                                      | 90,662                             | 20,000                             | 80,000                             |
| Recreation and Culture                                   | 324,745                            | -                                  | 194,482                            |
| Transport  | 3,390,892                          | 3,300,764                          | 2,878,676                          |
|  | <b>3,806,299</b>                   | <b>3,320,764</b>                   | <b>3,153,158</b>                   |
|  | <b>9,289,855</b>                   | <b>7,000,792</b>                   | <b>5,368,428</b>                   |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 23: ELECTED MEMBERS REMUNERATION**

|                            | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2016-2017<br/>Budget<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|----------------------------|------------------------------------|------------------------------------|------------------------------------|
| Sitting Fees - Mayor       | 47,046                             | 47,046                             | 45,900                             |
| Sitting Fees - Councillors | 370,842                            | 382,619                            | 357,112                            |
| Conference and Training    | 19,775                             | 61,750                             | 13,506                             |
| Allowance - Mayor          | 88,864                             | 90,509                             | 86,700                             |
| Allowance - Deputy Mayor   | 7,405                              | 22,216                             | 18,027                             |
| Allowance - Councillors    | 79,701                             | 82,873                             | 61,324                             |
|                            | <b>613,633</b>                     | <b>687,013</b>                     | <b>582,569</b>                     |

**NOTE 24: LEASING COMMITMENTS**

**Operating Lease Commitments**

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

|   | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|---|------------------------------------|------------------------------------|
| Payable:  |                                    |                                    |
| - not later than one year                           | 237,204                            | 318,054                            |
| - later than one year but not later than five years | 19,767                             | 217,437                            |
| - later than five years                             | -                                  | -                                  |
|   | <b>256,971</b>                     | <b>535,491</b>                     |

**NOTE 25: CONTINGENT LIABILITIES**

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

|   | <b>2016-2017<br/>Actual<br/>\$</b> | <b>2015-2016<br/>Actual<br/>\$</b> |
|---|------------------------------------|------------------------------------|
| Contingent liability for additional Workers' Compensation Premium | 4,358,093                          | 3,667,490                          |

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

**NOTE 26: EMPLOYEE NUMBERS**

|  | <b>2016-2017<br/>No. of<br/>Employees</b> | <b>2015-2016<br/>No. of<br/>Employees</b> |
|--|---|---|
| The number of full-time equivalent employees at balance date | 436                                       | 448                                       |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 27: INVESTMENT IN REGIONAL COUNCIL USING EQUITY METHOD**

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

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

Participating Local Governments are required to contribute an annual fee to cover the capital cost in the establishment of the facility and pay gate fees for each tonne of waste they deliver to the facility to cover the operating costs. The capital costs for each participating Local Government member is based on the Australian Bureau of Statistics population statistics. Each project participant will develop equity in the project equal to the relevant proportion of the total capital loan repayments made by that project participant. The City of Melville's interest in the RRRC is 41.76% per cent.

The City of Melville has guaranteed, by way of agreement, its share of the Loan Liability to the SMRC and the Western Australian Treasury Corporation (funding body). The City of Melville's share of the outstanding loan liabilities of RRRC at 30 June 2017 is \$8,804,777.

|   | <b>2016-2017<br/>Actual<br/>\$<br/>(Audited)</b> | <b>2015-2016<br/>Actual<br/>\$<br/>(Audited)</b> |
|---|--|--|
| The City's share in the net assets of the SMRC (excluding equity)     | 6,407,027  | 6,037,050  |
| Equity Ratio  | 41.76%   | 42.14%   |
| Represented by Share of Joint Venture entity's Financial Position:    |  |  |
| Current Assets  | 10,453,949                                       | 9,137,425  |
| Non Current Assets  | 18,230,927                                       | 21,919,315                                       |
| <b>Total Assets</b>   | <b>28,684,876</b>                                | <b>31,056,740</b>                                |
| Current Liabilities   | 6,678,664  | 5,326,262  |
| Non Current Liabilities   | 4,631,950  | 7,090,420  |
| <b>Total Liabilities</b>  | <b>11,310,614</b>                                | <b>12,416,682</b>                                |
| LESS: City of Melville's share of SMRC Loan Liability                 | 8,804,777  | 10,429,331                                       |
| LESS: City of Melville's share of City of Canning SMRC Loan Liability | 2,162,458  | 2,173,677  |
| <b>Net Assets</b>   | <b>6,407,027</b>                                 | <b>6,037,050</b>                                 |
| Loss in Share of SMRC net result                                      | (100,228)  |  |
| Share of Revaluation of SMRC Non Current Assets                       | 470,205  |  |
| <b>Net Increase / (Decrease) in Equity - SMRC Joint Venture</b>       | <b>369,977</b>                                   | <b>(2,460,647)</b>                               |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 28: RELATED PARTY TRANSACTIONS**

**Key Management Personnel (KMP) Compensation Disclosure**

|   | <b>2016-2017<br/>Actual<br/>\$</b> |
|---|------------------------------------|
| The total of remuneration paid to KMP of the City during the year are as follows: |                                    |
| Short-term employee benefits  | 1,599,048                          |
| Post-employment benefits  | 189,979                            |
| Other long-term benefits  | 42,600                             |
|   | <b>1,831,627</b>                   |

**Short-term employee benefits**

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

**Post-employment benefits**

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

**Other long-term benefits**

These amounts represent long service benefits accruing during the year.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 28: RELATED PARTY TRANSACTIONS**

**Related Parties**

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

*i. Key management personnel*

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

Dr Shayne Silcox (Chief Executive Officer)  
John Christie (Director Technical Services)  
Steve Cope (Director Urban Planning)  
Marten Tieleman (Director Corporate Services)  
Christine Young (Director Community Development)  
Louis Hitchcock (Executive Manager Legal Services)  
Kylie Johnson (Executive Manager Organisational Development)  
Mayor Russell Aubrey  
Deputy Mayor Cr Rebecca Aubrey  
Cr Patricia Phelan  
Cr Nicholas Pazolli  
Cr Cameron Schuster  
Cr Guy Wieland  
Cr June Barton OAM JP, Freeman of the City  
Cr Clive Robartson AM  
Cr Matthew Woodall  
Cr Duncan Macphail  
Cr Nicole Foxton  
Cr Tim Barling

*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 41.76% interest in the Canning Vale Regional Resource Recovery Centre. The interest in the joint venture entity is accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities, refer to Note 27.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 28: RELATED PARTY TRANSACTIONS**

**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:

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

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

**NOTE 29: MAJOR LAND TRANSACTIONS**

There are no major land transactions.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 30: FINANCIAL RISK MANAGEMENT**

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

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

Financial risk management is carried out by the Finance Service Area under policies approved by the Council and the Local Government Act 1995, Local Government (Financial Management) Regulations 1996 and the Trustees Act 1962 (Part 3).

|                              | <b>Carrying Value</b> |                    | <b>Fair Value</b>  |                    |
|------------------------------|-----------------------|--------------------|--------------------|--------------------|
|                              | <b>2017</b>           | <b>2016</b>        | <b>2017</b>        | <b>2016</b>        |
|                              | <b>\$</b>             | <b>\$</b>          | <b>\$</b>          | <b>\$</b>          |
| <b>Financial Assets</b>      |                       |                    |                    |                    |
| Cash and cash equivalents    | 133,971,994           | 118,784,310        | 133,971,994        | 118,784,310        |
| Receivables                  | 11,862,920            | 14,601,277         | 11,862,920         | 14,601,277         |
|                              | <b>145,834,914</b>    | <b>133,385,587</b> | <b>145,834,914</b> | <b>133,385,587</b> |
| <b>Financial Liabilities</b> |                       |                    |                    |                    |
| Payables                     | 6,801,480             | 7,279,725          | 6,801,480          | 7,279,725          |
| Borrowings                   | 2,690,661             | 2,775,682          | 2,339,453          | 2,410,350          |
|                              | <b>9,492,141</b>      | <b>10,055,407</b>  | <b>9,140,933</b>   | <b>9,690,075</b>   |

Fair Value is determined as follows:

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

Borrowings - estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

**(a) Cash and Cash Equivalents**

**Financial assets at fair value through profit or loss**  
**Available-for-sale financial assets**

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

Cash and investments are subject to interest rate risk - the risk that movements in interest rates could affect returns. The weighted average interest rate for 2016-2017 was 2.579% (2.819% for 2015-2016).

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 30: FINANCIAL RISK MANAGEMENT**

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

|  | <b>30 June 2017</b> | <b>30 June 2016</b> |
|--|---------------------|---------------------|
|  | <b>\$</b>           | <b>\$</b>           |
| Impact of a 1% movement in interest rates on cash and investments: |                     |                     |
| - Equity   | 1,339,720           | 1,187,843           |
| - Income Statement   | 1,339,720           | 1,187,843           |

**(b) Receivables**

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

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

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

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

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

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

|   | <b>30 June 2017</b> | <b>30 June 2016</b> |
|---|---------------------|---------------------|
| Percentage of Rates Outstanding to Rates Revenue excluding Pensioner Deferred Rates | 6%                  | 6%                  |
| Percentage of Rates Outstanding to Rates Revenue including Pensioner Deferred Rates | 8%                  | 7%                  |
| Percentage of Other Receivables   |                     |                     |
| - Current   | 69%                 | 87%                 |
| - Overdue   | 31%                 | 13%                 |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 30: FINANCIAL RISK MANAGEMENT**

**(c) Payables**

**Borrowings**

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

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

|                    | <i><b>Due<br/>within<br/>1 year<br/>\$</b></i> | <i><b>Due<br/>between<br/>1 &amp; 5 years<br/>\$</b></i> | <i><b>Due<br/>after<br/>5 years<br/>\$</b></i> | <i><b>Total<br/>contractual<br/>cash flows<br/>\$</b></i> | <i><b>Carrying<br/>values<br/>\$</b></i> |
|--------------------|--|--|--|---|--|
| <b><u>2017</u></b> |  |  |  |   |  |
| Payables           | 6,801,480                                      | -  | -  | 6,801,480   | 6,801,480                                |
| Borrowings         | 434,259  | 1,885,741  | 1,221,383                                      | 3,541,383   | 2,690,661                                |
|                    | <b>7,235,739</b>                               | <b>1,885,741</b>   | <b>1,221,383</b>                               | <b>10,342,863</b>   | <b>9,492,141</b>                         |
| <b><u>2016</u></b> |  |  |  |   |  |
| Payables           | 7,279,725                                      | -  | -  | 7,279,725   | 7,279,725                                |
| Borrowings         | 444,954  | 2,003,925  | 1,272,851                                      | 3,721,730   | 2,775,682                                |
|                    | <b>7,724,679</b>                               | <b>2,003,925</b>   | <b>1,272,851</b>                               | <b>11,001,455</b>   | <b>10,055,407</b>                        |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 30: FINANCIAL RISK MANAGEMENT**

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

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

|   | <b>&lt;1 year<br/>\$</b> | <b>&gt;1&lt;2 years<br/>\$</b> | <b>&gt;2&lt;3 years<br/>\$</b> | <b>&gt;3&lt;4 years<br/>\$</b> | <b>&gt;4&lt;5 years<br/>\$</b> | <b>&gt;5 years<br/>\$</b> | <b>Total<br/>\$</b> | <b>Weighted<br/>Average<br/>Effective<br/>Interest Rate<br/>%</b> |
|---|--------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------------|---------------------|---|
| <b><u>Year Ended 30 June 2017</u></b>       |                          |                                |                                |                                |                                |                           |                     |   |
| <b>Borrowings</b>                           |                          |                                |                                |                                |                                |                           |                     |   |
| <b>Fixed Rate</b>                           |                          |                                |                                |                                |                                |                           |                     |   |
| Debtentures                                 | 290,614                  | 317,022                        | 313,466                        | 376,193                        | 198,326                        | 1,195,040                 | 2,690,661           |   |
| Weighted Average<br>Effective Interest Rate | 5.34%                    | 5.62%                          | 5.94%                          | 5.53%                          | 5.46%                          | 4.14%                     |                     | <b>4.52%</b>  |
| <b><u>Year Ended 30 June 2016</u></b>       |                          |                                |                                |                                |                                |                           |                     |   |
| <b>Borrowings</b>                           |                          |                                |                                |                                |                                |                           |                     |   |
| <b>Fixed Rate</b>                           |                          |                                |                                |                                |                                |                           |                     |   |
| Debtentures                                 | 281,299                  | 283,199                        | 309,369                        | 305,569                        | 368,043                        | 1,228,203                 | 2,775,682           |   |
| Weighted Average<br>Effective Interest Rate | 2.90%                    | 5.51%                          | 5.84%                          | 6.21%                          | 5.79%                          | 5.48%                     |                     | <b>5.61%</b>  |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 31: FINANCIAL RATIO**

|                                   | <b>2016-2017</b> | <b>2015-2016</b> | <b>2014-2015</b> |
|-----------------------------------|------------------|------------------|------------------|
| Current Ratio                     | 1.49             | 1.46             | 1.70             |
| Asset Consumption Ratio           | 0.65             | 0.66             | 0.68             |
| Asset Renewal Funding Ratio       | 1.00             | 1.04             | 1.00             |
| Asset Sustainability Ratio        | 1.28             | 1.35             | 1.45             |
| Debt Service Cover Ratio          | 73.07            | 66.05            | 76.16            |
| Operating Surplus Ratio           | 0.16             | 0.17             | 0.18             |
| Own Source Revenue Coverage Ratio | 1.12             | 1.10             | 1.14             |

**Current Ratio**

Measures the short term (unrestricted) liquidity.

| <b>Ratio</b>                                 | <b>Target</b>                  | <b>Actual</b> | <b>Comments</b>  |
|--|--------------------------------|---------------|--|
| Dept. of Local Government Advanced Benchmark | <b>1.0</b><br>Higher is better | <b>1.49</b>   | The City is in a solvent position and has the ability to meet its liabilities (obligations) as and when they fall due out of unrestricted funds. |

Current assets minus restricted current assets

Current liabilities minus restricted liabilities associated with restricted assets

\$142.05 - \$125.05 = \$17.01 million

\$13.98 - \$2.60 = \$11.38 million

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 31: FINANCIAL RATIO**

**Asset Consumption Ratio**

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

| <b>Ratio</b>                                 | <b>Target</b>                  | <b>Actual</b> | <b>Comments</b>  |
|--|--------------------------------|---------------|--|
| Dept. of Local Government Advanced Benchmark | <b>0.6</b><br>Higher is better | <b>0.65</b>   | The City is investing in asset renewal to a level where a high percentage of the depreciable assets remain in an 'as new' condition. |

Depreciated Replacement Cost of Assets  
Current Replacement Cost of Depreciable Assets

\$551.77 million  
\$852.51 million

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

**Asset Renewal Funding Ratio**

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

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

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

\$220.82 million  
\$220.82 million

[Numbers taken from the Long Term Financial Plan]

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 31: FINANCIAL RATIO**

**Asset Sustainability Ratio**

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

| <b>Ratio</b>                                 | <b>Target</b>           | <b>Actual</b> | <b>Comments</b>   |
|--|-------------------------|---------------|---|
| Dept. of Local Government Advanced Benchmark | 1.1<br>Higher is better | 1.28          | 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

\$19.29 million

\$15.03 million

[Numbers taken from the Rate Setting Statement]

**Debt Service Cover Ratio**

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

| <b>Ratio</b>                                 | <b>Target</b>           | <b>Actual</b> | <b>Comments</b>  |
|--|-------------------------|---------------|--|
| Dept. of Local Government Advanced Benchmark | 5.0<br>Higher is better | 73.07         | The City has the ability to pay for its debts when they are due. |

Annual Operating Surplus before interest and depreciation

Principal and Interest

\$33.41 million

\$0.457 million

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 31: FINANCIAL RATIO**

**Operating Surplus Ratio**

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

| <b>Ratio</b>                                 | <b>Target</b>                   | <b>Actual</b> | <b>Comments</b>   |
|--|---------------------------------|---------------|---|
| Dept. of Local Government Advanced Benchmark | <b>0.15</b><br>Higher is better | <b>0.16</b>   | The City has the ability to provide a strong operating surplus which will give flexibility in relation to future operational costs and capital funding. |

Operating Revenue minus Operating Expense  
Own Source Operating Revenue

$\$120.15 - \$101.94 = \$18.21$  million  
\$114.41 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.

| <b>Ratio</b>                                 | <b>Target</b>                  | <b>Actual</b> | <b>Comments</b>   |
|--|--------------------------------|---------------|---|
| Dept. of Local Government Advanced Benchmark | <b>0.9</b><br>Higher is better | <b>1.12</b>   | The City has the ability to cover its own operating expenses from its own source revenue. |

Own Source Operating Revenue  
Operating Expense

\$114.41 million  
\$101.94 million

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