



City of
Melville



City of Melville

Annual Financial Report
2018-2019

Part B

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Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the City of Melville

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the City of Melville which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the City in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the annual financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the annual financial report, including the disclosures, and whether the annual financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

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

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

Other Matter

The annual financial report of the City for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2017 and 2018 in Note 34 of the audited annual financial report were included in the supplementary information and/or audited annual financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the City of Melville for the year ended 30 June 2019 included on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
4 December 2019



CITY OF MELVILLE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019
LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996
STATEMENT BY THE CHIEF EXECUTIVE OFFICER

The attached financial statements of the City of Melville for the financial year ended 30 June 2019 are based on proper accounts and records to present fairly the financial position of the City of Melville as at 30 June 2019 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed as authorisation of issue on the 3rd day of December 2019

Marten Tieleman
CHIEF EXECUTIVE OFFICER

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

Dear Ms Spencer

**REPRESENTATION LETTER IN RESPECT OF THE ANNUAL FINANCIAL REPORT FOR
THE YEAR ENDED 30 JUNE 2019**

This representation letter is provided in connection with your audit of the annual financial report of City of Melville ("Entity") for the year ended 30 June 2019 for the purpose of expressing an opinion as to whether the annual financial report is fairly presented in accordance with the *Local Government Act 1995* (the Act), the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

We submit the following representations for the year ended 30 June 2019 after making appropriate enquiries and according to the best of our knowledge and belief. This representation covers all material items in each of the categories listed below.

1. GENERAL

- (a) We have fulfilled our responsibilities for the preparation and fair presentation of the annual financial report in accordance with the *Local Government Act 1995* (the Act), the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.
- (b) We have advised your auditors of all material contentious methods used in the presentation of the financial report.
- (c) There have been no changes in accounting policies or application of those policies that would have a material effect on the financial report.
- (d) The prior period comparative information in the financial report has not been restated.
- (e) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We confirm the disclosures related to accounting estimates are complete and appropriate.
- (f) We have established and maintained an adequate internal control structure and adequate financial records as we have determined are necessary to facilitate the preparation of the financial report that is free from material misstatement, whether due to fraud or error.



- (g) We have provided your auditors with:
 - (i) Access to all information of which we are aware that is relevant to the preparation of the financial report, such as records, documentation and other matters.
 - (ii) Additional information that your auditors have requested for the purpose of the audit.
 - (iii) Unrestricted access to staff and councillors within the City of Melville whom your auditors determined it necessary to obtain audit evidence.
- (h) All transactions have been recorded in the accounting and other records and are reflected in the financial report.
- (i) All internal audit reports and reports resulting from other management reviews, including legal issues and legal opinions which have the capacity to be relevant to the fair presentation of the financial report including, where relevant, minutes of meetings, have been brought to your auditors' attention and made available to them.
- (j) We have advised your auditors of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial report.
- (k) We have provided to your auditors the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
- (l) No frauds or suspected frauds affecting the City of Melville involving:
 - (i) Management;
 - (ii) Employees who have significant roles in internal control; or
 - (iii) Others where the fraud could have a material effect on the financial reporthave occurred to the knowledge of management of the City of Melville.
- (m) To our knowledge, no allegations of fraud or suspected fraud affecting the City of Melville financial report has been communicated to us by employees, former employees, analysts, regulators or others.
- (n) We have disclosed to your auditors all known actual or possible litigation and claims whose effects should be considered when preparing the financial report, and they have been accounted for and disclosed in accordance with Australian Accounting Standards.

2. FAIR VALUE MEASUREMENTS AND DISCLOSURES

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

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



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

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

3. GOING CONCERN

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

4. CONTINGENT LIABILITIES

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

5. COMMITMENTS FOR CAPITAL AND OTHER EXPENDITURE

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

6. FINANCIAL LIABILITY FOR CONTAMINATED SITES

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

7. RELATED ENTITIES

We acknowledge our responsibility under section 17(1) of the *Auditor General Act 2006* (as applied by section 7.12AL of the *Local Government Act 1995*) to give written notice to the Auditor General if any of the functions are being performed in partnership or jointly with another person or body, through the instrumentality of another person or body, and/or by means of a trust. We confirm that we have provided the Auditor General with details of all related entities in existence at the City of Melville.

8. RELATED PARTIES

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

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

9. KEY MANAGEMENT PERSONNEL COMPENSATION

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

10. SUBSEQUENT EVENTS

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

11. INTERNAL CONTROL

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

12. INSURANCE

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

13. RISK MANAGEMENT

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

14. FINANCIAL RATIOS

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

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

15. ACCOUNTING MISSTATEMENTS

The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial report taken as a whole.



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

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

15. OTHER (UNAUDITED) INFORMATION IN THE ANNUAL REPORT

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

Director Corporate Services

3/12/2019

Date

Chief Executive Officer

3/12/2019

Date

STATEMENT OF COMPREHENSIVE INCOME
BY NATURE & TYPE
FOR THE YEAR ENDED 30 JUNE 2019

	<i>Note</i>	2018-2019 Actual \$	2018-2019 Budget \$	2017-2018 Actual \$
Revenue				
Rates	17	87,861,920	87,440,248	86,497,257
Operating Grants, Subsidies and Contributions	22	4,438,548	3,717,752	3,808,697
Fees & Charges	20	16,652,108	15,871,039	16,018,349
Service Charges	21	5,319,221	5,306,647	4,951,231
Interest Received	2(a)(i)	5,684,190	4,030,402	4,831,068
Other Revenue		2,530,689	1,146,497	2,750,707
		122,486,676	117,512,585	118,857,309
Expenses				
Employee Costs		(46,432,292)	(48,885,659)	(45,394,497)
Materials & Contracts		(32,785,049)	(30,587,111)	(30,618,273)
Utilities		(3,862,335)	(4,244,496)	(3,963,783)
Insurance		(1,050,466)	(1,305,648)	(952,754)
Depreciation	12(c)	(20,204,637)	(15,922,883)	(14,886,200)
Interest Expenses	2(a)(ii)	(142,302)	(150,232)	(162,778)
Other Expenditure		(6,565,914)	(7,631,095)	(1,197,378)
		(111,042,995)	(108,727,124)	(97,175,663)
Non-Operating Grants, Subsidies and Contributions	22	4,143,782	4,963,126	4,249,432
Profit/(Loss) On Asset Disposals	12(b)	(1,033,861)	10,500	(1,399,324)
Revaluation Of Investment Properties		-	-	10,427,691
Profit / (Loss) - Share Of SMRC Net Result	27	(694,705)	-	1,859,738
		2,415,216	4,973,626	15,137,537
Net Result		13,858,897	13,759,087	36,819,182
Other Comprehensive Income				
<i>Items that will not be reclasssified subsequently to profit or loss</i>				
Changes On Revaluation Of Non-Current Assets	12(a)	43,612,292	-	(320,505,544)
Revaluation Of Local Government House Unit Trust Holding	15(a)	20,503	-	(75,977)
Share Of Revaluation Of Non Current Assets - SMRC Investment in Associates	27	(371,373)	-	-
Total Other Comprehensive Income		43,261,422	-	(320,581,521)
Total Comprehensive Income		57,120,319	13,759,087	(283,762,339)

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

**STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2019**

	<i>Note</i>	2018-2019 Actual \$	2018-2019 Budget \$	2017-2018 Actual \$
Revenue				
Governance		11,489	-	38,336
General Purpose Funding		97,180,328	98,009,000	97,776,129
Law, Order, Public Safety		2,697,681	2,673,985	2,678,818
Health		345,498	336,905	299,703
Education & Welfare		244,362	204,034	266,031
Housing		116,827	117,687	104,536
Community Amenities		4,177,609	3,338,109	3,657,648
Recreation and Culture		8,739,613	8,160,171	8,325,879
Transport		1,796,317	1,585,458	1,416,974
Economic Services		6,553,004	2,762,888	3,320,811
Other Property and Services		623,948	324,349	972,444
		122,486,676	117,512,585	118,857,309
Expenses				
Governance		(4,539,798)	(5,612,027)	(4,741,013)
General Purpose Funding		(990,962)	(7,469,373)	(759,050)
Law, Order, Public Safety		(4,017,653)	(4,259,141)	(4,038,357)
Health		(1,087,627)	(1,162,818)	(1,082,559)
Education & Welfare		(2,813,429)	(2,819,942)	(2,667,984)
Housing		(94,734)	(68,492)	(76,497)
Community Amenities		(26,283,367)	(25,607,458)	(23,773,628)
Recreation and Culture		(34,814,520)	(30,892,207)	(31,451,321)
Transport		(17,409,450)	(18,503,353)	(17,403,915)
Economic Services		(7,934,095)	(2,316,255)	(2,604,504)
Other Property and Services		(10,915,058)	(9,865,826)	(8,414,057)
		(110,900,693)	(108,576,892)	(97,012,885)
Finance Costs				
Recreation and Culture	2(a)(ii)	(142,302)	(150,232)	(162,778)
		(142,302)	(150,232)	(162,778)

**STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2018-2019 Actual \$	2018-2019 Budget \$	2017-2018 Actual \$
Non-Operating Grants, Subsidies and Contributions	22	4,143,782	4,963,126	4,249,432
Profit/(Loss) On Asset Disposals	12(b)	(1,033,861)	10,500	(1,399,324)
Revaluation Of Investment Properties		-	-	10,427,691
Profit / (Loss) - Share Of SMRC Net Result	27	(694,705)	-	1,859,738
		2,415,216	4,973,626	15,137,537
Net Result		13,858,897	13,759,087	36,819,182
Other Comprehensive Income <i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes On Revaluation Of Non-Current Assets	12(a)	43,612,292	-	(320,505,544)
Revaluation Of Local Government House Unit Trust Holding	15(a)	20,503	-	(75,977)
Share Of Revaluation Of Non Current Assets - SMRC Investment in Associates	27	(371,373)	-	-
Total Other Comprehensive Income		43,261,422	-	(320,581,521)
TOTAL COMPREHENSIVE INCOME		57,120,319	13,759,087	(283,762,339)

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	<i>Note</i>	<i>2018-2019 Actual \$</i>	<i>2017-2018 Actual \$</i>
Current Assets			
Cash & Cash Equivalents	3	170,776,611	154,604,464
Other Financial Assets	7	313,467	317,022
Trade Receivables	8	9,735,528	9,364,425
Inventories	9	105,538	106,964
Other Current Assets	9	640,089	857,717
Total Current Assets		181,571,233	165,250,591
Non Current Assets			
Other Financial Assets	7	15,087,446	18,039,746
Trade Receivables	8	1,551,857	1,504,787
Property, Plant & Equipment	12(a)	408,363,598	411,535,457
Infrastructure	12(a)	398,031,912	347,639,250
Investment Property	12(a)	69,721,708	69,841,123
Total Non Current Assets		892,756,521	848,560,364
TOTAL ASSETS	6	1,074,327,754	1,013,810,955
Current Liabilities			
Other Financial Liability	14	1,289,048	1,569,242
Trade & Other Payables	10	11,904,639	6,606,451
Borrowings	14	313,467	317,022
Employee Related Provisions	11	7,500,361	7,430,499
Total Current Liabilities		21,007,515	15,923,214
Non Current Liabilities			
Other Financial Liability	14	4,652,982	5,966,047
Trade & Other Payables	10	293,873	241,855
Borrowings	14	1,769,557	2,083,024
Employee Related Provisions	11	703,761	817,066
Total Non Current Liabilities		7,420,173	9,107,993
TOTAL LIABILITIES		28,427,688	25,031,207
NET ASSETS		1,045,900,066	988,779,749
Equity			
Retained Surplus		324,160,300	321,793,435
Reserves - Cash Backed	15	157,885,446	146,393,416
Revaluation Surplus	15(a)	563,854,320	520,592,898
TOTAL EQUITY		1,045,900,066	988,779,749

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	<i>Note</i>	<i>2018-2019 Actual \$</i>	<i>2017-2018 Actual \$</i>
RESERVES CASH BACKED	15		
Balance at beginning of year		146,393,416	125,048,981
Transfer from accumulated surplus		(28,356,251)	(20,440,913)
Transfer to accumulated surplus		39,848,281	41,785,348
Balance at end of reporting period		157,885,446	146,393,416
REVALUATION SURPLUS	15(a)		
Revaluation Reserve			
Balance at beginning of year		520,592,898	841,174,419
Revaluation during year		43,261,422	(320,581,521)
Balance at end of reporting period		563,854,320	520,592,898
RETAINED SURPLUS			
Balance at beginning of year		321,793,435	306,318,688
Change in net results		13,858,897	36,819,182
Transfer from reserves		28,356,251	20,440,913
Transfer to reserves		(39,848,281)	(41,785,348)
Balance at end of reporting period		324,160,300	321,793,435
TOTAL EQUITY		1,045,900,066	988,779,749

STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 30 JUNE 2019

	<i>Note</i>	<i>2018-2019 Actual \$</i>	<i>2018-2019 Budget \$</i>	<i>2017-2018 Actual \$</i>
Cash Flows from Operating Activities				
Receipts				
Rates		86,000,858	87,440,248	85,604,103
Fees and Charges		16,780,364	16,236,108	15,952,070
Service Charges		5,319,221	5,306,647	4,951,231
Interest Received		5,684,190	3,882,230	4,831,068
Operating Grants, Subsidies and Contributions		4,438,548	3,717,752	3,808,697
Goods and Services Tax Received		6,072,345	200,000	5,650,740
Other Revenue		3,717,655	1,146,497	777,271
		128,013,180	117,929,482	121,575,180
Payments				
Employee Costs		(46,455,366)	(49,024,404)	(45,117,413)
Materials and Contracts		(34,646,865)	(31,072,340)	(35,773,689)
Utilities		(3,862,335)	(4,244,496)	(3,963,783)
Insurance		(1,050,466)	(1,305,648)	(952,754)
Interest Expenses		(142,302)	(150,232)	(156,567)
Goods and Services Tax Paid		(6,044,719)	(200,000)	(5,575,087)
Other Expenditure		(6,248,893)	(7,631,095)	(906,764)
		(98,450,945)	(93,628,214)	(92,446,057)
Net Cash Provided By (Used In) Operating Activities	4(b)	29,562,236	24,301,268	29,129,123
Cash Flows from Investing Activities				
Proceeds from disposal of assets	12(b)	637,397	784,650	3,315,220
Non-Operating Grants, Subsidies and Contributions	22	4,143,782	4,963,126	4,249,432
Payments for Purchase of Property, Plant and Equipment	12(a)	(8,184,543)	(15,866,990)	(4,544,896)
Payments for Purchase of Investment Property	12(a)	-	-	(921,798)
Payments for Construction of Infrastructure Excluding Work In Progress	12(a)	(9,987,371)	(23,494,859)	(10,606,547)
Net Cash Provided By (Used In) Investing Activities		(13,390,736)	(33,614,073)	(8,508,588)
Cash Flows from Financing Activities				
Repayment of Self Supporting Loans	14	(317,022)	(317,028)	(290,614)
Recoup for Self-Supporting Loans		317,669	317,675	302,549
Net Cash Provided By (Used In) Financing Activities		647	647	11,935
Net Increase / (Decrease) in Cash Held		16,172,147	(9,312,158)	20,632,470
Cash at Beginning of Year		154,604,464	144,148,578	133,971,994
Cash and Cash Equivalents at the End of Year		170,776,611	134,836,420	154,604,464

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

**RATE SETTING STATEMENT BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2019**

	<i>Note</i>	<i>2018-2019 Actual \$</i>	<i>2018-2019 Budget \$</i>	<i>2017-2018 Actual \$</i>
OPERATING ACTIVITIES				
Net Current Assets At Start Of Financial Year - Surplus/(Deficit)	5(b)	4,503,203	-	3,029,416
Revenue From Operating Activities (Excluding Rates)				
Governance		11,489	-	38,336
General Purpose Funding		9,318,408	10,568,752	21,706,563
Law, Order, Public Safety		2,697,681	2,673,985	2,678,818
Health		345,498	336,905	299,703
Education & Welfare		244,362	204,033	266,031
Housing		116,827	117,687	104,536
Community Amenities		4,177,609	3,338,109	5,517,386
Recreation and Culture		8,505,965	8,160,171	8,106,481
Transport		1,796,317	1,585,458	1,416,974
Economic Services		6,553,004	2,762,888	3,320,811
Other Property and Services		539,927	334,849	889,292
		34,307,087	30,082,837	44,344,931
Expenditure From Operating Activities				
Governance		(4,539,798)	(5,612,027)	(4,741,013)
General Purpose Funding		(990,962)	(7,469,373)	(759,050)
Law, Order, Public Safety		(4,017,653)	(4,259,141)	(4,038,357)
Health		(1,087,627)	(1,162,818)	(1,082,559)
Education & Welfare		(2,813,429)	(2,819,942)	(2,667,984)
Housing		(94,733)	(68,492)	(76,498)
Community Amenities		(26,978,072)	(25,607,458)	(23,773,628)
Recreation and Culture		(34,639,800)	(31,042,439)	(31,323,484)
Transport		(17,409,450)	(18,503,353)	(17,403,898)
Economic Services		(7,934,095)	(2,316,255)	(2,604,504)
Other Property and Services		(13,083,698)	(10,639,965)	(10,905,436)
		(113,589,317)	(109,501,263)	(99,376,411)
Operating activities excluded				
Non-Cash Amounts Excluded from Operating Activities	5(a)	22,264,918	16,274,081	6,895,744
Amount Attributable To Operating Activities		(52,514,108)	(63,144,345)	(45,106,320)

**RATE SETTING STATEMENT BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2019**

	<i>Note</i>	<i>2018-2019 Actual \$</i>	<i>2018-2019 Budget \$</i>	<i>2017-2018 Actual \$</i>
INVESTING ACTIVITIES				
Non-Operating Grants, Subsidies And Contributions	22	4,143,782	4,963,126	4,249,432
Proceeds From Disposal Of Assets	12(b)	637,397	784,650	3,315,220
Purchase Of Property, Plant & Equipment	12(a)	(8,184,543)	(15,866,990)	(4,544,896)
Purchase Of Investment Property	12(a)	-	-	(921,798)
Purchase Of Infrastructure Assets Excluding Work In Progress	12(a)	(9,987,371)	(23,494,859)	(10,606,547)
Movement In Work In Progress	12(a)	(7,193,078)	-	(5,186,908)
Amount Attributable To Investing Activities		(20,583,814)	(33,614,073)	(13,695,496)
FINANCING ACTIVITIES				
Repayment Of Debentures	14	(317,022)	(317,028)	(290,614)
Recoup for self-supporting loans		317,669	317,675	302,550
Profit/(Loss) in Share of SMRC net result	27	694,705	-	(1,859,738)
Funds To Be Set Aside	15	(35,741,985)	(30,977,323)	(38,439,480)
Funds To Be Set Aside Investment Earnings	15	(4,106,296)	(2,560,000)	(3,345,868)
Funds To Be Used	15	28,356,251	42,854,846	20,440,913
Amount Attributable To Financing Activities		(10,796,677)	9,318,170	(23,192,238)
Surplus/(Deficit) Before Imposition Of General Rates		(83,894,599)	(87,440,248)	(81,994,054)
Total Amount Raised From General Rates		87,861,920	87,440,248	86,497,257
Surplus/(Deficit) After Imposition Of General Rates	5(b)	3,967,320	-	4,503,203

**RATE SETTING STATEMENT BY SUB-PROGRAM
FOR THE YEAR ENDED 30 JUNE 2019**

	<i>Note</i>	<i>2018-2019 Actual \$</i>	<i>2018-2019 Budget \$</i>	<i>2017-2018 Actual \$</i>
OPERATING ACTIVITIES				
Net Current Assets At Start of Financial Year				
- Surplus/(Deficit)	5(b)	4,503,203	-	3,029,416
Revenue From Operating Activities (Excluding Rates)				
Governance				
Other Governance		11,489	-	38,336
General Purpose Funding				
Rates		9,318,408	10,568,752	21,706,563
Law, Order, Public Safety				
Animal Control		254,557	240,400	235,089
Other Public Order, Fire & Safety		2,443,123	2,433,585	2,443,729
Health				
Maternal & Infant Health		-	-	410
Preventive Services - Immunisation		17	-	11
Other Health		17,500	40,000	10,098
Preventive Services - Admin/Inspection		327,981	296,905	289,184
Preventive Services - Pest Control		-	-	-
Education & Welfare				
Aged & Disabled		48,448	28,134	40,636
Aged & Disabled - Other		-	-	2,010
Aged & Disabled -MOW		-	-	-
Aged & Disabled - Senior Citizens Centres		28,210	25,240	38,521
Care of Families & Children		20,922	20,639	21,467
Other Education		18,244	3,950	27,298
Other Welfare		126,996	124,529	134,151
Pre-school		1,543	1,543	1,948
Housing				
Other Housing		116,827	117,687	104,536
Community Amenities				
Sanitation - Other		1,785,977	1,410,968	3,522,576
Sanitation - Household Refuse		464,872	475,516	454,244
Urban Stormwater Drainage		12,542	-	1,497
Town Planning & Regional Development		1,297,652	1,249,860	1,341,156
Other Community Amenities		122,736	154,713	144,774
Protection of Environment		493,829	47,052	53,139
Recreation and Culture				
Heritage		183,633	125,090	152,696
Libraries		65,728	62,982	59,847
Other Culture		219,530	84,780	66,300
Public Halls, Civic Centres		291,956	247,428	293,751
Swimming Areas and Beaches		5,170,744	5,218,188	5,041,622
Other Recreation & Sport		2,574,374	2,421,704	2,492,265

**RATE SETTING STATEMENT BY SUB-PROGRAM
FOR THE YEAR ENDED 30 JUNE 2019**

	<i>Note</i>	2018-2019 Actual \$	2018-2019 Budget \$	2017-2018 Actual \$
Transport				
Parking Facilities		1,138,532	1,030,000	1,003,000
Streets, Roads, Bridges, Depot		565,615	470,458	339,092
Water Transport Facilities		92,170	85,000	74,882
Economic Services				
Building Control		1,291,250	945,678	1,214,643
Tourism & Area Promotion		686,450	-	512,563
Other Economic Services		110,893	124,500	84,591
Economic Development		1,550,749	1,592,310	1,480,727
Public Utility Services incl. Underground Power		2,913,662	100,400	28,288
Other Property and Services				
Plant Operations		116,302	95,394	117,689
Private Works		269	3,000	-
Public Works Overheads		62,782	36,077	162,201
General Administration Overheads		273,166	186,347	349,720
Business Unit Operations		87,409	14,028	259,682
		34,307,087	30,082,837	44,344,931
Expenditure From Operating Activities				
Governance				
Members of Council		(1,236,324)	(1,332,346)	(1,456,869)
Other Governance		(3,303,474)	(4,279,681)	(3,284,144)
General Purpose Funding				
Rates		(990,962)	(7,469,373)	(759,050)
Law, Order, Public Safety				
Animal Control		(145,023)	(162,838)	(178,778)
Other Public Order, Fire & Safety		(3,872,630)	(4,096,302)	(3,859,579)
Health				
Maternal & Infant Health		(11,720)	(12,648)	(10,420)
Other Health		(54,810)	(55,280)	(45,439)
Preventive Services - Admin/Inspection		(944,582)	(975,197)	(952,893)
Preventive Services - Pest Control		(76,515)	(119,693)	(73,807)
Education & Welfare				
Aged & Disabled		(207,706)	(266,564)	(227,383)
Aged & Disabled - Other		(144,659)	(128,244)	(127,243)
Aged & Disabled - Senior Citizens Centres		(58,487)	(49,980)	(67,264)
Care of Families & Children		(1,551,749)	(1,598,452)	(1,542,973)
Other Education		(491,797)	(492,130)	(455,033)
Other Welfare		(349,961)	(276,983)	(242,739)
Pre-school		(9,069)	(7,588)	(5,349)
Housing				
Other Housing		(94,734)	(68,492)	(76,497)

**RATE SETTING STATEMENT BY SUB-PROGRAM
FOR THE YEAR ENDED 30 JUNE 2019**

	<i>Note</i>	2018-2019 Actual \$	2018-2019 Budget \$	2017-2018 Actual \$
Community Amenities				
Sanitation - Other		(5,644,648)	(3,431,196)	(3,828,976)
Sanitation - Household Refuse		(13,967,713)	(14,621,180)	(13,267,558)
Urban Stormwater Drainage		(1,135,577)	(1,041,342)	(745,749)
Town Planning & Regional Development		(3,578,072)	(4,009,891)	(3,465,683)
Other Community Amenities		(26,619)	(84,440)	(47,831)
Protection of Environment		(2,625,442)	(2,419,410)	(2,417,831)
Recreation and Culture				
Heritage		(606,119)	(662,418)	(556,987)
Libraries		(5,206,222)	(5,103,419)	(4,539,726)
Other Culture		(1,645,122)	(1,730,071)	(2,078,220)
Public Halls, Civic Centres		(1,555,563)	(662,072)	(635,323)
Swimming Areas and Beaches		(6,496,744)	(5,998,755)	(5,602,586)
Other Recreation & Sport		(19,130,029)	(16,885,703)	(17,910,643)
Transport				
Parking Facilities		(440,881)	(438,938)	(416,429)
Streets, Roads, Bridges, Depot		(16,956,797)	(18,021,928)	(16,784,342)
Water Transport Facilities		(11,773)	(42,487)	(28,351)
Economic Services				
Building Control		(1,926,160)	(2,001,796)	(1,926,267)
Tourism & Area Promotion		(686,708)	(181,393)	(506,139)
Other Economic Services		(20,000)	(10,000)	-
Economic Development		(115,354)	(117,066)	(168,100)
Public Utility Services incl. Underground Power		(5,185,872)	(6,000)	(3,998)
Other Property and Services				
Plant Operations		(137,542)	(91,509)	(163,607)
Private Works		(296)	(3,000)	-
Public Works Overheads		(1,461,588)	(925,653)	(711,912)
Unclassified		2,190	-	15,830
General Administration Overheads		(3,602,560)	(1,292,494)	(2,566,732)
Business Unit Operations		(7,883,901)	(8,327,309)	(7,653,791)
		(113,589,317)	(109,501,263)	(99,376,411)
Operating Activities Excluded				
Non-Cash Amounts Excluded from Operating Activities	5(a)	22,264,918	16,274,081	6,895,744
Amount Attributable To Operating Activities		(52,514,109)	(63,144,345)	(45,106,320)

**RATE SETTING STATEMENT BY SUB-PROGRAM
FOR THE YEAR ENDED 30 JUNE 2019**

	<i>Note</i>	<i>2018-2019 Actual \$</i>	<i>2018-2019 Budget \$</i>	<i>2017-2018 Actual \$</i>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	22	4,143,782	4,963,126	4,249,432
Proceeds from disposal of assets	12(b)	637,397	784,650	3,315,220
Purchase Of Property, Plant & Equipment	12(a)	(8,184,543)	(15,866,990)	(4,544,896)
Purchase Of Investment Property	12(a)	-	-	(921,798)
Purchase Of Infrastructure Assets Excluding Work In Progress	12(a)	(9,987,371)	(23,494,859)	(10,606,547)
Movement in Work In Progress	12(a)	(7,193,078)	-	(5,186,908)
Amount Attributable To Investing Activities		(20,583,814)	(33,614,073)	(13,695,496)
FINANCING ACTIVITIES				
Repayment of debentures	14	(317,022)	(317,028)	(290,614)
Proceeds from self-supporting loans		317,669	317,675	302,551
Profit/(Loss) in Share of SMRC net result	27	694,705	-	(1,859,738)
Funds to be set aside	15	(35,741,985)	(30,977,323)	(38,439,480)
Funds to be set aside Investment Earnings	15	(4,106,296)	(2,560,000)	(3,345,868)
Funds to be used	15	28,356,251	42,854,846	20,440,913
Amount Attributable To Financing Activities		(10,796,677)	9,318,170	(23,192,238)
Surplus/(Deficit) Before Imposition Of General Rates		(83,894,599)	(87,440,248)	(81,994,055)
Total Amount Raised From General Rates		87,861,920	87,440,248	86,497,257
Surplus/(Deficit) After Imposition Of General Rates	5(b)	3,967,320	-	4,503,203

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

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

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

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

Critical Accounting Estimates

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

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

The Local Government Reporting Entity

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

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

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

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

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.

Rounding Off Figures

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

Comparative Figures

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

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

Budget Comparative Figures

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

Superannuation

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

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 2019**

NOTE 2: REVENUE AND EXPENSES

	<i>2018-2019 Actual \$</i>	<i>2018-2019 Budget \$</i>	<i>2017-2018 Actual \$</i>
(a) The Net Result			
The Net result includes:			
(i) Crediting as Revenue			
Interest Earnings			
Reserve Funds	4,106,296	2,560,000	3,345,869
Other Funds	784,301	886,421	835,688
Other Interest Revenue	793,593	583,981	649,511
	5,684,190	4,030,402	4,831,068
(ii) Charging as Expenses			
Auditors Remuneration			
Audit of the Annual Financial Report	55,000	65,500	28,925
Other Services	6,500	830	5,109
	61,500	66,330	34,034
Finance costs			
Interest on Self Supporting Loans	142,302	150,232	162,778
	142,302	150,232	162,778

The City has transferred a number of funds previously held as Trust Funds to the Municipal Fund as at 30th June 2019, recognising this transfer in the Statement of Financial Position, see Note 16 Trust Funds.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 3: CASH AND CASH EQUIVALENTS

	<i>Note</i>	<i>2018-2019 Actual \$</i>	<i>2017-2018 Actual \$</i>
Current Assets			
Cash on Hand		7,950	7,828
Cash on Hand (Includes 11am at call accounts)		2,902,520	(285,276)
Term Deposits, Bonds & Floating Rate Term Deposits		167,866,141	154,881,912
Total Cash and Cash Equivalents		170,776,611	154,604,464
Represented by			
Reserve Funds - Restricted *	15	156,771,337	146,393,416
Reserve Funds - Unspent Grants Restricted *	23	1,114,109	-
Bonds and Deposits held - Restricted	16	978,562	-
Other Funds - Unrestricted		11,912,603	8,211,048
		170,776,611	154,604,464

* The restrictions for Reserve Funds have been imposed by regulations or other external imposed requirements - Note 15.

SIGNIFICANT ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

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:

	2018-2019 Actual \$	2018-2019 Budget \$	2017-2018 Actual \$
Cash - Restricted Funds	156,771,337	118,381,860	146,393,417
Reserve Funds - Unspent Grants Restricted *	1,114,109	-	-
Bonds and Deposits held - Restricted	978,562	-	-
Cash - Unrestricted Funds	11,912,603	16,454,560	8,211,048
Cash and Cash Equivalents at the End of Year	170,776,611	134,836,420	154,604,465

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

	2018-2019 Actual \$	2017-2018 Actual \$
Net Result	13,858,987	36,819,182
Add / (Less) Non-Cash / Non-Operating Items		
Depreciation	20,204,637	14,886,200
(Profit) / Loss on Sale of Assets	1,033,861	1,399,324
Revaluation of Investment Properties	-	(10,427,691)
Grants & Contributions for the Development of Assets	(4,143,782)	(4,249,432)
(Increase) / Decrease in Equity - SMRC Joint Venture	694,705	(1,859,738)
Changes in Assets & Liabilities During the Financial Year:		
(Increase)/Decrease in Accrued Income	1,286,916	(1,558,527)
Increase/(Decrease) in Accrued Expenses	20,369	7,566
Increase/(Decrease) in Accrued Income Payable	-	6,211
(Increase)/Decrease in Current Receivables	(1,655,202)	(903,081)
(Increase)/Decrease in Non-Current Receivables	266,397	297,982
(Increase)/Decrease in Work in Progress	(7,193,078)	(5,186,908)
Increase/(Decrease) in Current Creditors	5,274,337	38,929
Increase/(Decrease) in Non-Current Creditors	(261,523)	(296,494)
(Increase)/Decrease in Inventory	1,426	(1,558)
Increase/(Decrease) in Provision for Employee Entitlements	(43,443)	269,518
(Increase)/Decrease in Prepayments	217,628	(112,360)
Net Cash Provided by Operating Activities	29,562,236	29,129,123

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 5: RATE SETTING STATEMENT INFORMATION

	<i>Note</i>	<i>2018-2019 Actual \$</i>	<i>2018-2019 Budget \$</i>	<i>2017-2018 Actual \$</i>
(a) Non-Cash Amounts Excluded From Operating Activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments To Operating Activities				
(Profit)/Loss on asset disposals	12(b)	1,033,861	(10,500)	1,399,324
Depreciation on Assets	12(c)	20,204,637	15,922,883	14,886,200
Revaluation of Investment Properties		-		(10,427,691)
Plant Investment Provision		1,134,777	361,698	1,091,968
Net Movement of Deferred Pensioner Rates/ESL (non-current)		(47,070)	-	(19,041)
Net Current Movement in Other Debtors/Creditors		52,018	-	20,530
Movement in Employee Benefit Provisions (non-current)		(113,305)	-	(55,546)
Non-Cash Amounts Excluded from Operating Activities		22,264,918	16,274,081	6,895,744
(b) Surplus/(Deficit)After Imposition Of General Rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments To Net Current Assets				
Less: Reserves - Restricted Cash	15	(157,885,446)	(118,381,860)	(146,393,416)
Total Adjustments To Net Current Assets		(157,885,446)	(118,381,860)	(146,393,416)
Net Current Assets Used In the Rate Setting Statement				
Total Current Assets		181,571,233	147,054,779	165,250,591
Less: Total Current Liabilities		(19,718,467)	(14,612,993)	(14,353,972)
Less: Reserves - Restricted Cash	15	(157,885,446)	(118,381,860)	(146,393,416)
Less: Restricted Municipal		-	(14,059,926)	-
Net Current Assets Used In The Rate Setting Statement		3,967,320	-	4,503,203

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 6: TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018-2019 Actual \$	2017-2018 Actual \$
Governance	511,890,620	497,622,707
Education & Welfare	45,297	182,830
Community Amenities	93,020,273	43,327,328
Recreation and Culture	85,989,783	88,428,012
Economic Services	8,225,775	7,441,130
Other Property and Services	375,156,006	376,808,948
	1,074,327,754	1,013,810,955

NOTE 7: OTHER FINANCIAL ASSETS

	Note	2018-2019 Actual \$	2017-2018 Actual \$
Current			
Loans - Clubs and Community Groups		313,467	317,022
		313,467	317,022
Non-Current			
Loans - Clubs and Community Groups		1,769,557	2,083,024
Units (10) held in Local Government House		175,171	154,668
Equity - SMRC Investment in Associates	27	13,142,718	15,802,054
Total Other Financial Assets		15,087,446	18,039,746

Loans from clubs and community groups have been reclassified from Trade Receivables to Other Financial Assets, compared with previous year.

The City's share of loan liability to the South Metropolitan Regional Council (SMRC) of \$5,942,031 has been recognised as Other Financial Assets in 2018-2019. The comparative of \$7,535,289 for 2017-2018 has been reinstated accordingly. Refer to Note 27 Investment in Associates using Equity Method for more details.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 8: TRADE RECEIVABLES

	2018-2019 Actual \$	2017-2018 Actual \$
Current		
Rates Outstanding		
Rates Debtors	5,024,914	3,469,749
UGP Debtors	528,623	447,954
Refuse Debtors	101,492	173,426
FESA Levy Debtors	952,652	621,709
Pensioner Rebates	896,812	977,663
Sundry Debtors	311,255	439,509
GST Receivable	428,293	455,921
Accrued Income	1,491,487	2,778,494
	9,735,528	9,364,425
Non-Current		
Rates Outstanding - Pensioners	1,551,857	1,504,787
	1,551,857	1,504,787
Sundry Debtors		
Aging of past due but not impaired:		
60 - 90 days	13,134	11,231
90 - 120 days	19,224	3,663
120+ days	119,953	148,223
Expected Credit Loss	(167,110)	(83,301)

Loans from clubs and community groups of \$317,467 have been reclassified from Trade Receivables to Other Financial Assets in 2018-2019. In previous year, this has been recognised in Trade Receivables.

In determining the recoverability of trade receivables, the City consider any changes in the credit quality of the trade receivable from the date credit was initially granted up until the reporting date. The concentration of credit risk is limited due to the customer base being large. Accordingly, management believes that there is no further credit provision required in excess of the expected credit loss of \$167,110 in 2018-2019 in accordance with AASB 9 *Financial Instruments* in Note 30.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 8: TRADE RECEIVABLES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

TRADE RECEIVABLES

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

Trade receivables are recognised at original invoice amount less any expected credit loss for uncollectible amounts. The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

IMPAIRMENT AND RISK EXPOSURE

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 30.

CLASSIFICATION AND SUBSEQUENT MEASUREMENT

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 9: INVENTORIES AND OTHER CURRENT ASSETS

	2018-2019 Actual \$	2017-2018 Actual \$
Current		
Inventories		
Fuel and Materials at Cost	105,538	106,964
	105,538	106,964
Other Assets		
Prepayments	640,089	857,717
	640,089	857,717

SIGNIFICANT ACCOUNTING POLICIES

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.

NOTE 10: TRADE AND OTHER PAYABLES

	2018-2019 Actual \$	2017-2018 Actual \$
Current		
Sundry Creditors		
Non-Restricted Funds Creditor	4,940,871	1,056,983
Restricted Funds Creditor		
- Footpaths	5,384,048	4,953,054
- Bonds and Deposits held	978,562	-
- Other	26,377	26,377
Amount Received in Advance	45,247	60,872
Accrued Salaries & Wages	529,534	509,165
	11,904,639	6,606,451
Non-Current		
Creditors	293,873	241,855
	293,873	241,855

SIGNIFICANT ACCOUNTING POLICIES

TRADE AND OTHER PAYABLES

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 11: EMPLOYEE RELATED PROVISIONS

	<i>Provision for Annual Leave</i>	<i>Provision for Long Service Leave</i>	<i>Total 2018-2019</i>
	\$	\$	\$
Opening balance at 1 July 2018			
Current Provisions	3,455,856	3,974,643	7,430,499
Non-Current provisions	-	817,066	817,066
	3,455,856	4,791,709	8,247,565
Additional provision	361,521	815,058	1,176,579
Amounts used	(359,199)	(877,763)	(1,236,963)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	1,973	14,968	16,941
Balance at 30 June 2019	3,460,151	4,743,972	8,204,122
Comprises:			
Current Provisions	3,460,151	4,040,210	7,500,361
Non-Current provisions	-	703,761	703,761
	3,460,151	4,743,971	8,204,122

	<i>2018-2019</i>	<i>2017-2018</i>
	\$	\$
Amounts are expected to be settled on the following basis:		
Less than 12 months after the reporting date	7,796,970	7,660,110
More than 12 months from reporting date	703,761	817,066
Expected reimbursements from other WA local governments	(296,609)	(229,611)
	8,204,122	8,247,565

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 11: EMPLOYEE RELATED PROVISIONS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

EMPLOYEE BENEFITS

Short-Term Employee Benefits

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

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

Other Long-Term Employee Benefits

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.

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

Provisions

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 12: PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE AND INVESTMENT PROPERTY

(a) Summary of Asset Movements

	<i>Balance as at 01/07/2018</i>	<i>Additions & Transfers</i>	<i>Disposal</i>	<i>Revaluation / Transfer</i>	<i>Depreciation</i>	<i>Balance as at 30/06/2019</i>
	\$	\$	\$	\$	\$	\$
<u>Property, Plant & Equipment</u>						
Land and Buildings						
Land	237,535,943	-	(210,000)	-	-	237,325,943
Buildings	136,838,725	4,270,209	-	-	(6,785,238)	134,323,697
Land Vested	8,525,000	-			-	8,525,000
	382,899,668	4,270,209	(210,000)	-	(6,785,238)	380,174,640
Artworks						
Artworks	3,884,029	202,878	(379,652)	-	-	3,707,255
	3,884,029	202,878	(379,652)	-	-	3,707,255
Plant & Equipment						
Plant & Equipment	13,523,541	1,433,961	(47,520)	62,650	(1,845,258)	13,127,374
Electronic Equipment	55,063	26,650	(3,060)	79,591	(42,154)	116,090
Furniture & Fittings	963,692	508,570	(279,776)	89,540	(178,896)	1,103,130
Computer Equipment	749,420	367,331	(914)	161,506	(406,729)	870,613
Property Improvement	1,379	-	(690)	-	(690)	-
Fleet and Mobile Plant	9,458,665	1,374,945	(749,647)	408,282	(1,227,749)	9,264,496
	24,751,760	3,711,456	(1,081,606)	801,568	(3,701,475)	24,481,703
Total Property, Plant & Equipment	411,535,457	8,184,543	(1,671,258)	801,568	(10,486,712)	408,363,598
<u>Infrastructure</u>						
Roads	199,892,021	7,153,487		(11,886,421)	(5,279,082)	189,880,005
Drains	68,506,577	583,013		67,759,315	(1,054,702)	135,794,203
Footpaths	59,836,880	2,064,847		(13,062,171)	(1,620,421)	47,219,135
	328,235,478	9,801,346	-	42,810,724	(7,954,205)	372,893,343
Infrastructure - Other						
Parks	7,665,269	172,273	-	-	(721,389)	7,116,153
Street Furniture	1,133,011	0	-	-	(45,367)	1,087,644
Irrigation System	5,179,545	13,752	-	-	(877,550)	4,315,747
Work in Progress	5,425,947	7,193,078	-	-	-	12,619,025
	19,403,772	7,379,103	-	-	(1,644,305)	25,138,569
Total Infrastructure	347,639,250	17,180,449	-	42,810,724	(9,598,511)	398,031,912
<u>Investment Property :</u>						
Land	67,379,855	-	-	-	-	67,379,855
Buildings	2,461,268	-	-	-	(119,414)	2,341,853
Total Investment Property	69,841,123	-	-	-	(119,414)	69,721,708
Grand Total	829,015,830	25,364,992	(1,671,258)	43,612,292	(20,204,637)	876,117,218

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 12: PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE AND INVESTMENT PROPERTY

(b) Disposal of Assets

	Net Book Value		Sales Proceeds		(Profit) / Loss	
	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$
Artwork	379,652	-	-	-	(379,652)	-
Land	210,000	-	104,258	-	(105,742)	-
Furniture & Fittings	279,775	-	21,670	10,500	(258,105)	10,500
Electronic Equipment	3,060	-	-	-	(3,060)	-
Computer Equipment	914	-	-	-	(914)	-
Plant & Equipment	47,520	774,150	-	774,150	(47,520)	-
Property	690	-	-	-	(690)	-
Fleet and Mobile Plant	749,647	-	511,469	-	(238,178)	-
Total	1,671,258	774,150	637,397	784,650	(1,033,861)	10,500

From the net book value of \$1,671,258 of which \$1,135,405 represents the assets expensed as a result of fair value of assets as at date of acquisition under \$5,000 by the City in accordance with *Local Government (Financial Management) Regulation 17A(5)*.

(c) Depreciation

	2018-2019	2018-2019	2017-2018
	Actual	Budget	Actual
	\$	\$	\$
Infrastructure	9,598,511	9,900,966	9,526,197
Building	6,904,652	2,027,564	2,023,755
Fleet and Mobile Plant	1,227,749	2,000,000	1,318,312
Plant & Equipment	1,888,100	1,485,617	1,490,466
Computer Equipment	406,729	327,950	351,482
Furniture & Fittings	178,896	180,786	175,988
	20,204,637	15,922,883	14,886,200

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

**NOTE 12: PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE
AND INVESTMENT PROPERTY**

Class of Assets	2018-2019 Actual \$	2017-2018 Actual \$
(d) Property, Plant & Equipment		
Land		
At Independent valuation 2018 - level 2 & 3	237,535,943	519,243,225
Add Additions after valuation - cost	-	-
Less Disposals after valuation - cost	(210,000)	-
Revaluation	-	(281,707,282)
Total	237,325,943	237,535,943
Buildings		
At Independent Valuation 2018 - level 2 & 3	243,840,093	187,424,663
Add Additions after valuation - cost	4,270,209	2,991,103
Less Disposals after valuation - cost	-	(2,334,750)
Revaluation	-	55,759,077
Less : Accumulated Depreciation	(113,786,606)	(107,001,368)
Total	134,323,697	136,838,725
Land Vested In & Under City's Control		
At Independent valuation 2018 - level 3	8,525,000	5,138,491
Revaluation	-	3,386,509
Total	8,525,000	8,525,000
Artworks		
At Independent Valuation 2018 - level 3	3,884,029	3,575,146
Add Additions after valuation - cost	202,878	349,886
Less Disposals after valuation - cost	(379,652)	(96,661)
Revaluation	-	55,658
Less : Accumulated Depreciation	-	-
Total	3,707,256	3,884,029

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

**NOTE 12: PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE
AND INVESTMENT PROPERTY**

Class of Assets	2018-2019 Actual \$	2017-2018 Actual \$
Plant and Equipment		
At Independent Valuation 2016 & 2018 - level 3	22,726,429	22,726,429
Add Additions after valuation - cost	3,754,026	2,320,065
Less Disposals after valuation - cost	(464,239)	(55,940)
Revaluation	7,166,823	7,104,173
Less : Accumulated Depreciation	(20,055,665)	(18,571,186)
Total At Independent Valuation 2019 - level 2 & 3	13,127,375	13,523,541
Electronic Equipment		
At Independent Valuation 2016 - level 3	469,296	469,296
Add Additions after valuation - cost	44,300	17,650
Less Disposals after valuation - cost	(147,832)	(818)
Revaluation	79,591	-
Less : Accumulated Depreciation	(329,265)	(431,065)
Total At Independent Valuation 2019 - level 2 & 3	116,090	55,063
Furniture and Fittings		
At Independent Valuation 2016 - level 3	3,796,565	3,796,565
Add Additions after valuation - cost	607,603	99,033
Less Disposals after valuation - cost	(1,673,122)	(183,064)
Revaluation	89,540	-
Less : Accumulated Depreciation	(1,717,456)	(2,748,843)
Total At Independent Valuation 2019 - level 2 & 3	1,103,130	963,693
Computer Equipment		
At Independent Valuation 2016 - level 3	3,827,174	3,827,175
Add Additions after valuation - cost	1,212,254	844,923
Less Disposals after valuation - cost	(319,409)	(46,555)
Revaluation	161,506	-
Less : Accumulated Depreciation	(4,010,912)	(3,876,123)
Total At Independent Valuation 2019 - level 2 & 3	870,612	749,420
Property Improvements		
At Independent Valuation 2016 - level 3	1,369,156	1,369,156
Add Additions after valuation - cost	-	-
Less Disposals after valuation - cost	(197,917)	(143,063)
Revaluation	-	-
Less : Accumulated Depreciation	(1,171,240)	(1,224,714)
Total	-	1,379

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

**NOTE 12: PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE
AND INVESTMENT PROPERTY**

Class of Assets	2018-2019 Actual \$	2017-2018 Actual \$
Fleet and Mobile Plant		
At Independent Valuation 2016 - level 3	9,173,123	9,173,123
Add Additions after valuation - cost	5,374,382	3,999,437
Less Disposals after valuation - cost	(2,468,798)	(1,152,684)
Revaluation	408,282	-
Less : Accumulated Depreciation	(3,222,493)	(2,561,211)
Total At Independent Valuation 2019 - level 2 & 3	9,264,496	9,458,665
Total Plant and Equipment		
At Independent Valuation 2016 & 2018- level 3	535,146,808	756,743,270
Add Additions after valuation - cost	15,465,653	10,622,097
Less Disposals after valuation - cost	(5,860,967)	(4,013,533)
Revaluation	7,905,741	(215,401,865)
Less : Accumulated Depreciation	(144,293,636)	(136,414,510)
Total Property, Plant & Equipment	408,363,598	411,535,457
Infrastructure		
(e) Infrastructure-Road, Drains and Footpath		
Infrastructure - Roads		
At Independent Valuation 2018 - level 3	332,457,078	344,620,715
Add Additions after valuation - cost	7,153,487	16,967,368
Less Disposals after valuation - cost	-	-
Revaluation	(11,886,421)	(29,131,005)
Less : Accumulated Depreciation	(137,844,139)	(132,565,057)
Total At Independent Valuation 2019- level 3	189,880,005	199,892,021
Infrastructure - Drains		
At Independent Valuation 2018 - level 3	137,569,945	111,233,942
Add Additions after valuation - cost	583,013	936,471
Less Disposals after valuation - cost	-	-
Revaluation	67,759,315	25,399,532
Less : Accumulated Depreciation	(70,118,070)	(69,063,368)
Total At Independent Valuation 2019 - level 3	135,794,203	68,506,577

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

**NOTE 12: PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE
AND INVESTMENT PROPERTY**

Class of Assets	2018-2019 Actual \$	2017-2018 Actual \$
Infrastructure - Footpath		
At Independent Valuation 2018 - level 3	90,787,554	86,385,565
Add Additions after valuation - cost	2,064,847	1,785,497
Less Disposals after valuation - cost	-	-
Revaluation	(13,062,171)	2,616,492
Less : Accumulated Depreciation	(32,571,095)	(30,950,674)
Total At Independent Valuation 2019 - level 3	47,219,135	59,836,880
Total Infrastructure-Road, Drains and Footpath		
At Independent Valuation 2018 - level 3	560,814,577	542,240,222
Add Additions after valuation - cost	9,801,346	19,689,336
Less Disposals after valuation - cost	-	-
Revaluation	42,810,724	(1,114,981)
Less : Accumulated Depreciation	(240,533,304)	(232,579,099)
Total At Independent Valuation 2019 - level 3	372,893,343	328,235,478
Infrastructure - Other		
Infrastructure - Parks		
At Independent Valuation 2018- level 3	11,977,442	9,343,391
Add Additions after valuation - cost	172,268	2,127,782
Less Disposals after valuation - cost	-	-
Revaluation	-	506,269
Less : Accumulated Depreciation	(5,033,558)	(4,312,168)
Total	7,116,153	7,665,274
Infrastructure - Street Furniture		
At Independent Valuation 2018 - level 3	2,327,361	8,852,144
Add Additions after valuation - cost	-	109,925
Less Disposals after valuation - cost	-	-
Revaluation	-	(6,634,709)
Less : Accumulated Depreciation	(1,239,717)	(1,194,350)
Total	1,087,644	1,133,011

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

**NOTE 12: PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE
AND INVESTMENT PROPERTY**

Class of Assets	2018-2019 Actual \$	2017-2018 Actual \$
Infrastructure - Irrigation Systems		
At Independent Valuation 2018 - level 3	20,480,616	16,051,470
Add Additions after valuation - cost	13,752	1,993,467
Less Disposals after valuation - cost	-	-
Revaluation	-	2,435,679
Less : Accumulated Depreciation	(16,178,621)	(15,301,071)
Total	4,315,747	5,179,545
Total Infrastructure - Work In Progress	12,619,025	5,425,947
Total Infrastructure - Other		
At Independent Valuation 2018 - level 3	47,404,444	39,672,952
Add Additions after valuation - cost	186,020	4,231,174
Less Disposals after valuation - cost	-	-
Revaluation	-	(3,692,760)
Less : Accumulated Depreciation	(22,451,895)	(20,807,589)
Total	25,138,569	19,403,777
Total Infrastructure	398,031,912	347,639,250
(f) Investment Property		
Investment Property : Land		
At Independent Valuation 2018 - level 2	67,379,855	53,331,829
Add Additions after valuation - cost	-	5,026,488
Less Disposals after valuation - cost	-	(2,664,000)
Revaluation	-	11,685,538
Less : Accumulated Depreciation	-	-
Total	67,379,855	67,379,855
Investment Property : Buildings		
At Independent Valuation 2018 - level 3	4,307,400	2,983,581
Add Additions after valuation - cost	-	956,919
Less Disposals after valuation - cost	-	-
Revaluation	-	366,900
Less : Accumulated Depreciation	(1,965,546)	(1,846,132)
Total	2,341,853	2,461,268
Total Investment Property		
At Independent Valuation 2018 - level 2 & 3	71,687,254	56,315,410
Add Additions after valuation - cost	-	5,983,406
Less Disposals after valuation - cost	-	(2,664,000)
Revaluation	-	12,052,438
Less : Accumulated Depreciation	(1,965,546)	(1,846,132)
Total Investment Property	69,721,708	69,841,123

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

**NOTE 12: PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE
AND INVESTMENT PROPERTY**

SIGNIFICANT ACCOUNTING POLICIES

Fixed Assets

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

Capitalisation of Assets Threshold

Assets will be recognised and reported at fair value in accordance with *Local Government (Financial Management) 1996* and AASB 5, 13, 116 and 136 of the Standards.

Generally expenditure of a capital nature is recognised as an asset if the fair value of the asset at the date of acquisition is equal to or above \$5,000 by the City in accordance with *Local Government (Financial Management) Regulation 17A(5)*.

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset and are expensed immediately.

Land Under Control

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

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

Land Under Roads

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

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

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

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

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

Initial Recognition and measurement between mandatory revaluation dates

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

**NOTE 12: PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE
AND INVESTMENT PROPERTY**

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

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

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 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 Statement of Comprehensive Income.

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 and vested 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.

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

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

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

**NOTE 12: PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE
AND INVESTMENT PROPERTY**

Depreciation will be recognised on a straight-line basis, using rates which are reviewed each reporting period.

Asset Class	Components	Depreciation Rate
Property, Plant & Equipment		
Land		
- Municipal land		Not Depreciated
- Land Vested		Not Depreciated
Buildings		
- Sub Structure		60 - 100 years
- General Buildings	- Sub Structure only for Heritage buildings	60 - 400 years
- Heritage Buildings	- Super Structure	25 - 80 years
	- Roof	20 - 60 years
	- Floor Coverings	15 - 30 years
	- Fitout & Fittings	15 - 40 years
	- Services - Fire	10 - 40 years
	- Services - Security	10 - 40 years
	- Services - Electrical	10 - 40 years
	- Services - Hydraulic	10 - 30 years
	- Services - Mechanical	10 - 30 years
	- Services - Transport	10 - 40 years
Artworks		
Artworks		Not Depreciated
Plant & Equipment		
Plant and equipment		1 - 10 years
Computer equipment		3 - 5 years
Electronic equipment		3 - 5 years
Furniture & fittings		1 - 10 years
Fleet, Mobile and Other Plant		1 - 10 years
Infrastructure		
Roads		
	- Formation	Not Depreciated
	- Base	50 - 80 years
	- Surface	10 - 30 years
	- Kerbing and Pavement	60 - 70 years
Footpaths		10 - 60 years
Stormwater Drainage		40 - 80 years
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 2019**

**NOTE 12: PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE
AND INVESTMENT PROPERTY**

Asset Class	Components	Depreciation Rate
Investment Property		
Investment Land		Not Depreciated
Investment Buildings	<ul style="list-style-type: none"> - Sub Structure - Super Structure - Roof - Floor Coverings - Fitout & Fittings - Services - Fire - Services - Security - Services - Electrical - Services - Hydraulic - Services - Mechanical - Services - Transport 	<ul style="list-style-type: none"> 60 - 100 years 25 - 80 years 20 - 60 years 15 - 30 years 15 - 40 years 10 - 40 years 10 - 40 years 10 - 40 years 10 - 30 years 10 - 30 years 10 - 40 years

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

NOTE 13: FAIR VALUE MEASUREMENTS

Mandatory requirement to revalue non-current assets

Effective from 1 July 2012, the *Local Government (Financial Management) Regulations* were amended and the measurement of non-current assets at fair value became mandatory. Each asset class must be revalued in accordance with the regulatory framework established and the City measures the fair value of its asset classes at least every three years in accordance with this mandatory timetable. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions.

During the financial year ended 30 June 2019, the City measured the fair value of following class of assets:

- Plant and Equipment
- Infrastructure (Roads, Drainage and Footpath)

Valuation processes

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

An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity.

Fair value hierarchy

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

Level 1- Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2- Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3- Measurements based on unobservable inputs for the asset or liability.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 13: FAIR VALUE MEASUREMENTS

Valuation techniques

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

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

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 13: FAIR VALUE MEASUREMENTS

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 13: FAIR VALUE MEASUREMENTS

<i>Asset Class</i>	<i>Fair Value Hierarchy</i>	<i>Valuation Technique</i>	<i>Basis of Valuation</i>	<i>Date of last Valuation</i>	<i>Inputs used</i>
Furniture and Equipment	2 & 3	Cost Approach/Market approach	Independent registered valuer	June 2019	Make, size, year of manufacture, costs and current condition , residual values and remaining useful life assessments inputs. The amount that would be required to replace the service capacity of the assets
Computer Equipment	2 & 3	Cost Approach/Market approach	Independent registered valuer	June 2019	Make, size, year of manufacture, costs and current condition , residual values and remaining useful life assessments inputs. The amount that would be required to replace the service capacity of the assets
Mobile Plant	2	Market approach	Independent registered valuer	June 2019	Make, size, year of manufacture, costs and current condition , residual values and remaining useful life assessments inputs. The amount that would be required to replace the service capacity of the assets
Infrastructure Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Independent valuation	June 2019	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drains	3	Cost approach using depreciated replacement cost	Independent valuation	June 2019	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 13: FAIR VALUE MEASUREMENTS

<i>Asset Class</i>	<i>Fair Value Hierarchy</i>	<i>Valuation Technique</i>	<i>Basis of Valuation</i>	<i>Date of last Valuation</i>	<i>Inputs used</i>
Infrastructure - Footpath	3	Cost approach using depreciated replacement cost	Independent valuation	June 2019	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Other					
Infrastructure - Parks	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Street Furniture	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Irrigation Systems	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 13: FAIR VALUE MEASUREMENTS

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 14: INFORMATION ON BORROWINGS AND OTHER FINANCIAL LIABILITY

	2018-2019 Actual \$	2017-2018 Actual \$
Other Financial Liability		
Current		
Share of SMRC Loan Liability	1,289,048	1,569,242
	1,289,048	1,569,242
Non-Current		
Share of SMRC Loan Liability	4,652,983	5,966,047
	4,652,983	5,966,047
Borrowings		
Current		
Self Supporting Loans	313,467	317,022
	313,467	317,022
Non-Current		
Self Supporting Loans	1,769,557	2,083,024
	1,769,557	2,083,024

The City has borrowings that are entered to support clubs and associations in the upgrade of their facilities. All loan repayments are negotiated by the City with the WA Treasury Corporation. The loan repayments are paid by the City and then recouped from the respective clubs and associations in accordance with the signed agreements and repayment schedules. As per council resolution CD17/8098 payments by the Mt Pleasant Bowling Club for the self supporting loan repayment have been suspended. The Council resolved to amalgamate and relocate the Melville Bowling Club and Mt Pleasant Bowling Club to the Tompkins Park Sporting Hub. Provided that the relocation and amalgamation occur, the self supporting loan debt for Mt Pleasant Bowling Club and Tompkins Park Community and Recreation Association will be met by the City and treated as a cost of the project. A total of \$74,512 has been costed to the project in 2018-2019.

The City's share of loan liability to the South Metropolitan Regional Council (SMRC) of \$5,942,031 has been recognised as Financial Liability in 2018-2019. The comparative figures for 2017-2018 has also been reinstated accordingly. Refer to Note 27 Investment in Associates using Equity Method for more details.

New Debenture

There are no new debentures.

Unspent Borrowings

The City has no unspent borrowings on self-supporting loans as at 30th June 2019.

SIGNIFICANT ACCOUNT POLICIES

Financial Liabilities

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

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 2019**

NOTE 15: RESERVES - CASH BACKED

	2018-2019 Actual \$	2018-2019 Budget \$	2017-2018 Actual \$
Ardross East UGP & Streetscape Enhancement Reserve <i>To be used for underground power projects and streetscape enhancements in the Ardross East Underground Power project area.</i>			
Opening Balance	14,332	14,066	13,977
Funds to be set aside	-	-	253,840
Funds to be set aside - Investment Earnings	315	-	355
Funds to be used	(2,697)	(14,066)	(253,840)
Closing Balance	11,950	-	14,332
Attadale North Underground Power & Streetscape Enhancement Reserve <i>To be used for underground power projects and streetscape enhancements in the Attadale North Underground Power project area.</i>			
Opening Balance	93,029	91,304	90,724
Funds to be set aside	-	-	-
Funds to be set aside - Investment Earnings	2,525	-	2,305
Funds to be used	-	(91,304)	-
Closing Balance	95,554	-	93,029
Alfred Cove East Underground Power & Streetscape Enhancement Reserve <i>To be used for underground power projects and streetscape enhancements in the Alfred Cove East Underground Power project area.</i>			
Opening Balance	1,364,229	1,360,914	-
Funds to be set aside	-	-	1,347,115
Funds to be set aside - Investment Earnings	-	-	17,114
Funds to be used	(1,364,229)	(1,360,914)	-
Closing Balance	-	-	1,364,229
Melville North Underground Power & Streetscape Enhancement Reserve <i>To be used for underground power projects and streetscape enhancements in the Melville North Underground Power project area.</i>			
Opening Balance	1,193,518	-	-
Funds to be set aside	535,883	-	1,178,546
Funds to be set aside - Investment Earnings	46,943	-	14,972
Funds to be used	-	-	-
Closing Balance	1,776,344	-	1,193,518

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 15: RESERVES - CASH BACKED

	2018-2019 Actual \$	2018-2019 Budget \$	2017-2018 Actual \$
Melville South Underground Power & Streetscape Enhancement Reserve			
<i>To be used for underground power projects and streetscape enhancements in the Melville South Underground Power project area.</i>			
Opening Balance	-	-	-
Funds to be set aside	2,819	-	-
Funds to be set aside - Investment Earnings	77	-	-
Funds to be used	-	-	-
Closing Balance	2,896	-	-
Civic Centre Precinct Improvements Reserve			
<i>To be used for improvements to the buildings and associated landscaping and car parking located within the Civic Centre Precinct (Melville City Centre).</i>			
Opening Balance	6,016	5,904	5,867
Funds to be set aside	-	-	-
Funds to be set aside - Investment Earnings	163	149	149
Funds to be used	-	-	-
Closing Balance	6,179	6,053	6,016
Commercial Refuse Reserve			
<i>To be used for the acquisition and replacement of commercial refuse bins, vehicles, and plant and equipment used for commercial waste operations and the development of commercial waste collection opportunities.</i>			
Opening Balance	3,261,455	2,757,780	2,701,084
Funds to be set aside	396,759	-	485,573
Funds to be set aside - Investment Earnings	99,171	68,877	74,798
Funds to be used	(4,680)	(31,503)	-
Closing Balance	3,752,705	2,795,154	3,261,455
Community Facilities Reserve			
<i>To be used for the provision of new, renewed or upgraded community facilities/buildings.</i>			
Opening Balance	22,538,527	22,308,659	21,688,160
Funds to be set aside	3,222,000	3,222,000	2,694,680
Funds to be set aside - Investment Earnings	603,701	244,421	554,809
Funds to be used	(3,519,726)	(8,386,193)	(2,399,122)
Closing Balance	22,844,502	17,388,887	22,538,527

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 15: RESERVES - CASH BACKED

	2018-2019 Actual \$	2018-2019 Budget \$	2017-2018 Actual \$
Community Surveillance and Security Reserve			
<i>To temporarily retain any surpluses that may arise from the Property Surveillance and Security Service Charge to be used to offset future years Property Surveillance and Security Service Charges or for the purchase of plant and equipment used for community surveillance and security services.</i>			
Opening Balance	649,513	543,608	593,407
Funds to be set aside	52,687	-	40,514
Funds to be set aside - Investment Earnings	17,800	11,107	15,592
Funds to be used	(46,438)	(103,965)	-
Closing Balance	673,562	450,750	649,513
Fleet Services Vehicles, Plant and Equipment Replacement Reserve			
<i>To be used to fund the purchase of replacement vehicles, plant and equipment.</i>			
Opening Balance	8,351,370	6,541,311	6,902,791
Funds to be set aside	2,000,000	2,000,000	2,000,000
Funds to be set aside - Investment Earnings	260,429	184,524	191,358
Funds to be used	(756,962)	(1,237,575)	(742,779)
Closing Balance	9,854,837	7,488,260	8,351,370
Future Works Reserve			
<i>To be used to fund the "New" component of the costs of Infrastructure Capital Works and Buildings as opposed to renewal of existing assets as per Asset Management Plans.</i>			
Opening Balance	1,498,768	178,935	82,189
Funds to be set aside	3,813,500	3,813,550	1,695,884
Funds to be set aside - Investment Earnings	82,562	-	19,833
Funds to be used	(2,270,618)	(3,992,485)	(299,138)
Closing Balance	3,124,212	-	1,498,768
Information Technology Reserve			
<i>To be used to fund the acquisition and replacement of computer software and information technology hardware.</i>			
Opening Balance	2,501,693	1,850,157	2,993,126
Funds to be set aside	715,000	715,000	650,000
Funds to be set aside - Investment Earnings	65,727	41,143	68,931
Funds to be used	(795,257)	(936,664)	(1,210,364)
Closing Balance	2,487,163	1,669,636	2,501,693

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 15: RESERVES - CASH BACKED

	2018-2019 Actual \$	2018-2019 Budget \$	2017-2018 Actual \$
Infrastructure Asset Management Reserve			
<i>To be used to fund infrastructure asset management projects including the construction, maintenance and renewal of the City of Melville's road, path, kerbing, street furniture, park structures, playground, irrigation/reticulation and drainage infrastructure assets.</i>			
Opening Balance	29,403,262	25,852,561	24,465,230
Funds to be set aside	12,628,369	12,544,532	13,135,109
Funds to be set aside - Investment Earnings	867,047	678,703	675,762
Funds to be used	(10,088,921)	(12,083,014)	(8,872,840)
Closing Balance	32,809,757	26,992,782	29,403,262
Land and Property Reserve			
<i>To be used to:</i>			
<i>a) fund the acquisition or construction of commercial revenue earning land and or buildings, or</i>			
<i>b) fund the acquisition of land and buildings in structure plan areas to help encourage the redevelopment of those structure plan areas by assembling developable land parcels and fund with Council approval, infrastructure and other developments in line with structure plan principles; or</i>			
<i>c) internally fund the purchase or construction of City of Melville community facilities or infrastructure assets, on the basis that those funds will be returned to the Land and Property Reserve over a predetermined period of time with interest, with the interest rate being set at what would have been charged by the Western Australian Treasury Corporation for the term of the borrowing using the Semi Annual Annuity interest rate.</i>			
Opening Balance	35,275,560	34,644,311	31,154,988
Funds to be set aside	2,198,506	2,205,041	4,979,061
Funds to be set aside - Investment Earnings	940,521	613,637	833,349
Funds to be used	(2,824,512)	(4,537,016)	(1,691,838)
Closing Balance	35,590,075	32,925,973	35,275,560
Leave Entitlements Reserve			
<i>To be used to fund the non-current liability amount of annual, sick and long service leave entitlements accrued in previous financial years beyond the amount provided for in the Provision for Leave current liability account.</i>			
Opening Balance	2,665,847	2,257,072	2,599,791
Funds to be set aside	-	-	-
Funds to be set aside - Investment Earnings	72,361	46,054	66,056
Funds to be used	-	(434,191)	-
Closing Balance	2,738,208	1,868,935	2,665,847

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 15: RESERVES - CASH BACKED

	2018-2019 Actual \$	2018-2019 Budget \$	2017-2018 Actual \$
Library, Museums & Arts Equipment & Specialised Fitout Reserve			
<i>To be used to fund the acquisition and replacement of the fit outs, furniture and specialised equipment for art centres, museums and libraries.</i>			
Opening Balance	57,071	-	31,559
Funds to be set aside	193,120	100,000	100,000
Funds to be set aside - Investment Earnings	2,929	769	1,112
Funds to be used	(142,274)	(53,000)	(75,600)
Closing Balance	110,846	47,769	57,071
Organisational Environment Sustainability Initiatives Reserve			
<i>To be used to fund environmental initiatives which are intended to reduce the energy usage and or carbon footprint of the corporation of the City of Melville or for debt servicing costs associated with any loan borrowings taken out for such purposes.</i>			
Opening Balance	1,099,664	662,102	795,885
Funds to be set aside	250,000	250,000	280,000
Funds to be set aside - Investment Earnings	34,902	7,885	23,779
Funds to be used	(63,840)	(600,000)	-
Closing Balance	1,320,726	319,987	1,099,664
Parking Facilities Reserve			
<i>To be used to fund the provision, refurbishment or improvement of parking facilities and equipment.</i>			
Opening Balance	384,414	385,879	324,510
Funds to be set aside	64,086	64,086	61,011
Funds to be set aside - Investment Earnings	9,785	9,094	8,893
Funds to be used	(87,995)	(90,000)	(10,000)
Closing Balance	370,290	369,059	384,414
Private Swimming Pool Inspection Fee Reserve			
<i>To temporarily retain any surpluses that may arise from the Swimming Pool Inspection fees to be used to offset any deficits that may occur in future years operations of the Private Swimming Pools Inspection Program.</i>			
Opening Balance	35,509	2,624	12,114
Funds to be set aside	66,370	-	22,798
Funds to be set aside - Investment Earnings	2,765	-	597
Funds to be used	-	(2,624)	-
Closing Balance	104,645	-	35,509

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 15: RESERVES - CASH BACKED

	2018-2019 Actual \$	2018-2019 Budget \$	2017-2018 Actual \$
Public Open Space and Urban Forest Reserve			
<i>To be used to fund the purchase, development and re-development of public open spaces, including streetscapes, bushlands, parks and reserves and to fund initiatives to enhance and improve the urban forest or for debt servicing costs associated with any loan borrowing.</i>			
Opening Balance	4,313,162	2,995,270	3,648,237
Funds to be set aside	871,570	883,114	853,976
Funds to be set aside - Investment Earnings	132,646	85,933	99,873
Funds to be used	(297,964)	(477,041)	(288,924)
Closing Balance	5,019,414	3,487,276	4,313,162
Rates Equalisation Reserve			
<i>To temporarily retain any surplus carried forward funds as shown in the audited Annual Financial Report Rate Setting Statement in excess of the estimated surplus funds brought forward amount identified in the following years Annual Budget Rate Setting Statement to subsequently be used to reduce the need to raise rates in future years or to meet any budget shortfalls identified during budget reviews.</i>			
Opening Balance	7,962,521	6,526,451	4,775,919
Funds to be set aside	4,440,869	-	3,026,803
Funds to be set aside - Investment Earnings	281,010	163,938	159,799
Funds to be used	(2,050,771)	(3,004,497)	-
Closing Balance	10,633,630	3,685,892	7,962,521
Recreation Centres Specialised Plant, Equipment and Structures Reserve			
<i>To be used to fund the acquisition, repair, upgrade and replacement of Recreation Centres specialised plant, equipment and structures.</i>			
Opening Balance	1,999,495	148,368	1,216,831
Funds to be set aside	430,000	430,000	890,000
Funds to be set aside - Investment Earnings	43,950	2,250	40,348
Funds to be used	(810,340)	(489,294)	(147,684)
Closing Balance	1,663,106	91,324	1,999,495
Refuse Bins Reserve			
<i>To be used for the purchase and replacement of domestic refuse and recycling bins or receptacles.</i>			
Opening Balance	2,002,886	1,833,416	1,762,731
Funds to be set aside	200,000	200,000	868,164
Funds to be set aside - Investment Earnings	34,655	46,813	47,238
Funds to be used	(926,182)	(180,500)	(675,247)
Closing Balance	1,311,359	1,899,729	2,002,886

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 15: RESERVES - CASH BACKED

	2018-2019 Actual \$	2018-2019 Budget \$	2017-2018 Actual \$
Refuse Facilities Reserve			
<i>To be used for payments relating to the establishment and operation of waste management facilities, funding associated costs, and the cost of landscaping, environmental and rehabilitation works of former refuse tip sites operated by the City of Melville and for any additional waste collection and disposal costs of waste associated with storm or disaster events.</i>			
Opening Balance	10,182,159	9,130,806	8,938,318
Funds to be set aside	240,879	-	1,039,356
Funds to be set aside - Investment Earnings	279,909	167,523	239,860
Funds to be used	(110,964)	-	(35,375)
Closing Balance	10,591,984	9,298,329	10,182,159
Risk Management Reserve			
<i>To be used to fund prior years insurance premium contingencies, the self insured element of insurance claims, risk reduction initiatives or projects and any losses arising from investment activities.</i>			
Opening Balance	6,152,679	6,133,138	5,672,065
Funds to be set aside	219,617	100,000	332,277
Funds to be set aside - Investment Earnings	172,968	157,476	148,337
Funds to be used	-	-	-
Closing Balance	6,545,265	6,390,614	6,152,679
Special Projects Reserve			
<i>To be used to fund costs associated with City of Melville Council Elections, infrastructure asset condition surveys, asset valuations and gross rental value revaluations and strategic planning projects.</i>			
Opening Balance	1,881,963	1,474,747	1,358,381
Funds to be set aside	700,000	700,000	1,000,000
Funds to be set aside - Investment Earnings	51,434	29,704	40,649
Funds to be used	(687,109)	(999,000)	(517,067)
Closing Balance	1,946,288	1,205,451	1,881,963
Unexpended Capital Works Reserve			
<i>To be used to carry forward available funding for uncompleted projects and specific purpose grants that will be completed and expended in ensuing financial years.</i>			
Opening Balance	1,504,773	3,750,000	3,221,096
Funds to be set aside	2,499,951	-	1,504,773
Funds to be set aside - Investment Earnings	-	-	-
Funds to be used	(1,504,773)	(3,750,000)	(3,221,096)
Closing Balance	2,499,951	-	1,504,773

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 15: RESERVES - CASH BACKED

	2018-2019 Actual \$	2018-2019 Budget \$	2017-2018 Actual \$
Summary			
Opening Balance	146,393,416	131,449,383	125,048,980
Funds to be set aside	35,741,986	27,227,323	38,439,480
Funds to be set aside - Investment Earnings	4,106,295	2,560,000	3,345,868
Funds to be used	(28,356,251)	(42,854,846)	(20,440,913)
Closing Balance	157,885,446	118,381,860	146,393,416
RESERVES SUMMARY			
Total Funds to be Set Aside			
Ardross East UGP & Streetscape Enhancement Reserve	315	-	254,195
Attadale North Underground Power & Streetscape Enhancement Reserve	2,525	-	2,305
Alfred Cove East Underground Power & Streetscape Enhancement Reserve	-	-	1,364,229
Melville North Underground Power & Streetscape Enhancement Reserve	582,826	-	1,193,518
Melville South Underground Power & Streetscape Enhancement Reserve	2,896	-	-
Civic Centre Precinct Improvements Reserve	163	149	149
Commercial Refuse Reserve	495,930	68,877	560,371
Community Facilities Reserve	3,825,701	3,466,421	3,249,489
Community Surveillance and Security Reserve	70,487	11,107	56,106
Fleet Services Vehicles, Plant and Equipment Replacement Reserve	2,260,429	2,184,524	2,191,358
Future Works Reserve	3,896,062	3,813,550	1,715,717
Information Technology Reserve	780,727	756,143	718,931
Infrastructure Asset Management Reserve	13,495,416	13,223,235	13,810,871
Land and Property Reserve	3,139,027	2,818,678	5,812,410
Leave Entitlements Reserve	72,361	46,054	66,056
Library, Museums & Arts Equipment & Specialised Fitout Reserve	196,049	100,769	101,112
Organisational Environment Sustainability Initiatives Reserve	284,902	257,885	303,779
Parking Facilities Reserve	73,871	73,180	69,904
Private Swimming Pool Inspection Fee Reserve	69,135	-	23,395
Public Open Space and Urban Forest Reserve	1,004,216	969,047	953,849
Rates Equalisation Reserve	4,721,879	163,938	3,186,602
Recreation Centres Specialised Plant, Equipment and Structures Reserve	473,950	432,250	930,348
Refuse Bins Reserve	234,655	246,813	915,402
Refuse Facilities Reserve	520,788	167,523	1,279,216
Risk Management Reserve	392,586	257,476	480,614
Special Projects Reserve	751,434	729,704	1,040,649
Unexpended Capital Works Reserve	2,499,951	-	1,504,773
	39,848,280	29,787,323	41,785,348

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 15: RESERVES - CASH BACKED

	2018-2019 Actual \$	2018-2019 Budget \$	2017-2018 Actual \$
Total Funds to be Used			
Ardross East UGP & Streetscape Enhancement Reserve	(2,697)	(14,066)	(253,840)
Attadale North Underground Power & Streetscape Enhancement Reserve	-	(91,304)	-
Alfred Cove East Underground Power & Streetscape Enhancement Reserve	(1,364,229)	(1,360,914)	-
Melville North Underground Power & Streetscape Enhancement Reserve	-	-	-
Civic Centre Precinct Improvements Reserve	-	-	-
Commercial Refuse Reserve	(4,680)	(31,503)	-
Community Facilities Reserve	(3,519,726)	(8,386,193)	(2,399,122)
Community Surveillance and Security Reserve	(46,438)	(103,965)	-
Fleet Services Vehicles, Plant and Equipment Replacement Reserve	(756,962)	(1,237,575)	(742,779)
Future Works Reserve	(2,270,618)	(3,992,485)	(299,138)
Information Technology Reserve	(795,257)	(936,664)	(1,210,364)
Infrastructure Asset Management Reserve	(10,088,921)	(12,083,014)	(8,872,840)
Land and Property Reserve	(2,824,512)	(4,537,016)	(1,691,838)
Leave Entitlements Reserve	-	(434,191)	-
Library, Museums & Arts Equipment & Specialised Fitout Reserve	(142,274)	(53,000)	(75,600)
Organisational Environment Sustainability Initiatives Reserve	(63,840)	(600,000)	-
Parking Facilities Reserve	(87,995)	(90,000)	(10,000)
Private Swimming Pool Inspection Fee Reserve	-	(2,624)	-
Public Open Space and Urban Forest Reserve	(297,964)	(477,041)	(288,924)
Rates Equalisation Reserve	(2,050,771)	(3,004,497)	-
Recreation Centres Specialised Plant, Equipment and Structures Reserve	(810,340)	(489,294)	(147,684)
Refuse Bins Reserve	(926,182)	(180,500)	(675,247)
Refuse Facilities Reserve	(110,964)	-	(35,375)
Risk Management Reserve	-	-	-
Special Projects Reserve	(687,109)	(999,000)	(517,067)
Unexpended Capital Works Reserve	(1,504,773)	(3,750,000)	(3,221,096)
	(28,356,251)	(42,854,846)	(20,440,913)

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 15(A): REVALUATION SURPLUS

	2018-2019 Actual \$	2017-2018 Actual \$
Land and Buildings		
Land - Opening Balance	230,334,685	512,041,967
Revaluation Increment / (Decrement)	-	(281,707,282)
Closing Balance	230,334,685	230,334,685
Buildings - Opening Balance	94,721,008	120,528,332
Revaluation Increment / (Decrement)	-	(25,807,324)
Closing Balance	94,721,008	94,721,008
Land Vested In & Under Council Control	8,525,000	5,138,491
Revaluation Increment / (Decrement)	-	3,386,509
Closing Balance	8,525,000	8,525,000
Total Land and Buildings	333,580,693	333,580,693
Artworks		
Artworks - Opening Balance	2,276,749	2,221,091
Revaluation Increment / (Decrement)	-	55,658
Total Artworks	2,276,749	2,276,749
Plant and Equipment		
Computer Equipment - Opening Balance	392,927	392,927
Revaluation Increment / (Decrement)	161,506	-
Closing Balance	554,433	392,927
Electronic Equipment - Opening Balance	48,199	48,199
Revaluation Increment / (Decrement)	79,591	-
Closing Balance	127,790	48,199
Furniture & Fittings - Opening Balance	233,352	233,352
Revaluation Increment / (Decrement)	89,540	-
Closing Balance	322,892	233,352
Plant & Equipment - Opening Balance	17,968,349	16,282,162
Revaluation Increment / (Decrement)	62,650	1,686,187
Closing Balance	18,030,999	17,968,349
Mobile Plant - Opening Balance	1,203,447	1,203,447
Revaluation Increment / (Decrement)	408,282	-
Closing Balance	1,611,729	1,203,447
Total Plant and Equipment	20,647,842	19,846,274

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 15(A): REVALUATION SURPLUS

	2018-2019 Actual \$	2017-2018 Actual \$
Infrastructure		
Drains - Opening Balance	52,256,106	50,893,552
Revaluation Increment / (Decrement)	67,759,315	1,362,554
Closing Balance	120,015,421	52,256,106
Footpaths - Opening Balance	50,160,452	52,734,273
Revaluation Increment / (Decrement)	(13,062,171)	(2,573,821)
Closing Balance	37,098,281	50,160,452
Roads - Opening Balance	58,692,288	76,444,017
Revaluation Increment / (Decrement)	(11,886,421)	(17,751,729)
Closing Balance	46,805,867	58,692,288
Total Infrastructure	203,919,570	161,108,846
Infrastructure - Other		
Parks - Opening Balance	2,472,242	(1,372,958)
Revaluation Increment / (Decrement)	-	3,845,200
Closing Balance	2,472,242	2,472,242
Irrigation - Opening Balance	(579,827)	2,076,717
Revaluation Increment / (Decrement)	-	(2,656,544)
Closing Balance	(579,827)	(579,827)
Street Furniture - Opening Balance	1,493,694	1,838,645
Revaluation Increment / (Decrement)	-	(344,951)
Closing Balance	1,493,694	1,493,694
Total Infrastructure - Other	3,386,109	3,386,109
Share of Revaluation of SMRC Non Current Assets		
Opening Balance	470,205	470,205
Revaluation Increment / (Decrement)	(371,373)	-
Closing Balance	98,832	470,205

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 15(A): REVALUATION SURPLUS

	2018-2019 Actual \$	2017-2018 Actual \$
Revaluation decrement of Local Government House Unit Trust Holding		
Opening Balance	(75,977)	(75,977)
Revaluation Increment / (Decrement)	20,503	-
Closing Balance	(55,474)	(75,977)
Total Revaluation Surplus	563,854,320	520,592,898

Summary of Changes in Revaluation Surplus

	2018-2019 Actual \$	2017-2018 Actual \$
Opening Balance 1 July 2018	520,592,898	841,174,419
Revaluation Increment / (Decrement)	43,261,422	(320,581,521)
Total Revaluation Surplus	563,854,320	520,592,898

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 16: TRUST FUNDS

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

	<i>Balance 1 July 2018</i>	<i>Receipts</i>	<i>Payments</i>	<i>Transfer</i>	<i>Balance 30 June 2019</i>
	\$	\$	\$		\$
Cash in Lieu of Parking:					
North East Neighbourhood	223,500	60,000	-	(283,500)	-
South West Neighbourhood	36,000	-	-	(36,000)	-
Public Open Space (POS)					
Applecross	13,441				13,441
Melville	19,572				19,572
Streetscape - Hislop Road Precinct	19,016			(19,016)	-
Artwork Developer Contribution					-
North East Neighbourhood	26,208	74,500		(100,708)	-
North West Neighbourhood	235,600	28,000	(14,000)	(249,600)	-
South West Neighbourhood	14,000	-	-	(14,000)	-
Bonds	324,094	9,300	(295,604)	(37,790)	-
Retention	25,643	68,095	-	(93,738)	-
Tree Bonds	2,000	-	-	(2,000)	-
Building Services Levy	33,120	653,855	(622,476)	(64,499)	-
Building and Construction Industry Training Fund	45,047	709,467	(676,803)	(77,711)	-
	1,017,241	1,603,217	(1,608,883)	(978,562)	33,013

The City holds bond money from POS as required by the Local Government Act in a trust fund. The City has adopted the position paper issued by the Office of the Auditor-General (OAG) to Local Governments that "There are no provisions in the Act or any other written law that specify that work bonds, building bonds and hire bonds are to be credited to, or held in, the Trust Fund, and these moneys are not held in trust. Consequently, section 6.9 of the Act is not applicable to these funds, and they should be held in the Municipal Fund". The table above details amounts transferred from Trust to Municipal Fund in 2018-2019 accordingly.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 17: STATEMENT OF RATING INFORMATION

<i>Current Year Actual 2018-2019</i>	<i>Number of Properties</i>	<i>Rateable value \$</i>	<i>Rate in \$ (cents)</i>	<i>Rate Revenue \$</i>	<i>Interim Rates \$</i>	<i>Back Rates \$</i>	<i>Total Revenue \$</i>
GENERAL RATE							
General Rate GRV							
Residential - Improved	29,209	846,967,887	6.436998	54,554,824	539,054	(37,930)	55,055,948
Residential - Unimproved	816	20,037,380	7.250847	1,452,880	68,551	3,115	1,524,545
	30,025	867,005,267		56,007,704	607,605	(34,815)	56,580,494
Commercial - Improved	1,496	241,029,175	7.277950	17,541,983	141,343	11,986	17,695,313
Commercial - Unimproved	22	1,948,287	7.277950	141,795	(15,016)	(10,092)	116,687
Strata Storage Units	2	14,040	7.277950	1,022	-	-	1,022
	1,520	242,991,502		17,684,800	126,327	1,894	17,813,021
Sub Total General Rate	31,545	1,109,996,769		73,692,504	733,932	(32,921)	74,393,515
MINIMUM RATE							
Minimum Rate							
Residential - Improved	10,392	171,754,192	1,269.47	13,192,332			13,192,332
Residential - Unimproved	168	1,471,805	809.72	136,033			136,033
	10,560	173,225,997		13,328,365	-	-	13,328,365
Commercial - Improved	176	1,538,368	984.78	173,321			173,321
Commercial - Unimproved	2	13,547	984.78	1,970			1,970
Strata Storage Units	55	93,967	984.78	54,163			54,163
	233	1,645,882		229,454	-	-	229,454
Sub Total Minimum Rate	10,793	174,871,879		13,557,819	-	-	13,557,819
Amount Raised from Rates				87,250,323	733,932	(32,921)	87,951,334
Storage Unit Concession				(27,081)			(27,081)
				87,223,242	733,932	(32,921)	87,924,253
Rates received in advance*							
Reversal of Rates received in advance 2018-2019							(1,100,281)
Rates received in advance in 2019-2020*							1,037,948
Total Amount Raised from Rates							87,861,920
Plus:							
Instalment Administration Fee							198,070
Instalment Interest							284,804
Late Payment Interest							467,171
GRAND TOTAL	42,338	1,284,868,648		87,223,242	733,932	(32,921)	88,811,965
Summary							
<i>Current Year Actual 2018-2019</i>	<i>Rate Assessments</i>		<i>Rateable Value</i>		<i>Rate Yield</i>		<i>Average Rate</i>
	<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>	<i>\$</i>	<i>%</i>	<i>\$</i>
Residential	40,585	95.86%	1,018,722,079	80.64%	69,300,550	79.46%	1,708
Commercial	1,753	4.32%	244,637,384	19.36%	17,914,255	20.54%	10,219
	42,338	100%	1,263,359,463	100%	87,214,805	100%	

Rates Received in Advance*

Rates received in advance for the amount of \$1,037,948 is recognised as rates income as per AASB 1004, paragraph 30 in 2018-2019. In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes will occur to the financial statement line items by application of AASB 1058 as compared to AASB 1004 Contributions before the change. Please refer to Note 33(b)

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 17: STATEMENT OF RATING INFORMATION

<i>Prior Year Actual 2017-2018</i>	<i>Number of Properties</i>	<i>Rateable value \$</i>	<i>Rate in \$ (cents)</i>	<i>Rate Revenue \$</i>	<i>Interim Rates \$</i>	<i>Back Rates \$</i>	<i>Total Revenue \$</i>
GENERAL RATE							
General Rate GRV							
Residential - Improved	29,099	840,608,419	6.379582	53,627,303	(32,882)	(1,043)	53,593,378
Residential - Unimproved	862	21,038,990	7.186171	1,511,898	(50,880)	(2,151)	1,458,867
	29,961	861,647,409		55,139,200	(83,762)	(3,194)	55,052,245
Commercial - Improved	1,510	241,716,328	7.213036	17,435,086	51,124	(76,719)	17,409,491
Commercial - Unimproved	21	1,655,327	7.213036	119,399	16,505	-	135,904
Strata Storage Units	2	14,040	7.213036	1,013	-	-	1,013
	1,533	243,385,695		17,555,499	67,629	(76,719)	17,546,408
Sub Total General Rate	31,494	1,105,033,104		72,694,699	(16,133)	(79,913)	72,598,653
MINIMUM RATE							
Minimum Rate							
Residential - Improved	10,647	176,272,592	1,258.15	13,395,523	(8,213)	(261)	13,387,049
Residential - Unimproved	120	1,090,370	802.50	96,300	(3,241)	(137)	92,922
	10,767	177,362,962		13,491,823	(11,454)	(398)	13,479,971
Commercial - Improved	176	1,542,368	976.00	171,776	12,511	(18,774)	165,513
Commercial - Unimproved	3	13,567	976.00	2,928	70	-	2,998
Strata Storage Units	55	93,967	976.00	53,680	-	-	53,680
	234	1,649,902		228,384	12,581	(18,774)	222,191
Sub Total Minimum Rate	11,001	179,012,864		13,720,207	1,127	(19,172)	13,702,162
Amount Raised from Rates				86,414,906	(15,006)	(99,085)	86,300,815
Storage Unit Concession				(26,840)			(26,840)
				86,388,066	(15,006)	(99,085)	86,273,975
Rates received in advance*							
Reversal of Rates received in advance 2016-2017							(876,999)
Rates received in advance in 2017-2018*							1,100,281
Total Amount Raised from Rates							86,497,257
Plus:							
Instalment Administration Fee							205,425
Instalment Interest							343,530
Late Payment Interest							272,833
GRAND TOTAL	42,495	1,284,045,968		86,388,066	(15,006)	(99,085)	87,319,045
Summary							
<i>Prior Year Actual 2017-2018</i>	<i>Rate Assessments</i>		<i>Rateable Value</i>		<i>Rate Yield</i>		<i>Average Rate</i>
	#	%	\$	%	\$	%	\$
Residential	40,728	95.84%	1,016,881,011	80.58%	68,631,023	79.42%	1,685
Commercial	1,767	4.34%	245,035,597	19.42%	17,783,883	20.58%	10,064
	42,495	100%	1,261,916,608	100%	86,414,906	100%	

Rates Received in Advance*

Rates received in advance for the amount of \$1,100,281 is recognised as rates income as per AASB 1004, paragraph 30 in 2017-2018.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 17: STATEMENT OF RATING INFORMATION

<i>Current Year Budget 2018-2019</i>	<i>Number of Properties</i>	<i>Rateable value \$</i>	<i>Rate in \$ (cents)</i>	<i>Rate Revenue \$</i>	<i>Interim Rates \$</i>	<i>Back Rates \$</i>	<i>Total Revenue \$</i>
GENERAL RATE							
General Rate GRV							
Residential - Improved	29,209	846,952,830	6.436998	54,518,337	130,958		54,649,295
Residential - Unimproved	816	20,037,350	7.250847	1,452,878	8,381		1,461,259
	30,025	866,990,180		55,971,214	139,339	-	56,110,553
Commercial - Improved	1,500	241,077,244	7.277950	17,545,481	68,183		17,613,664
Commercial - Unimproved	22	1,948,289	7.277950	141,796	5,076		146,872
Strata Storage Units	2	14,009	7.277950	1,020			1,020
	1,524	243,039,542		17,688,296	73,259	-	17,761,555
Sub Total General Rate	31,549	1,110,029,722		73,659,511	212,598	-	73,872,109
MINIMUM RATE							
Minimum Rate							
Residential - Improved	10,392	171,754,192	1,269.47	13,192,332	19,042		13,211,374
Residential - Unimproved	168	1,471,805	809.72	136,033	1,619		137,652
	10,560	173,225,997		13,328,365	20,661	-	13,349,026
Commercial - Improved	176	1,538,368	984.78	173,321	11,817		185,138
Commercial - Unimproved	2	13,547	984.78	1,970	4,924		6,894
Strata Storage Units	55	93,967	984.78	54,163			54,163
	233	1,645,882		229,454	16,741	-	246,195
Sub Total Minimum Rate	10,793	174,871,879		13,557,819	37,402	-	13,595,221
Amount Raised from Rates				87,217,329	250,000	-	87,467,329
Storage Unit Concession				(27,081)			(27,081)
Total Amount Raised from Rates				87,190,248	250,000	-	87,440,248
Plus:							
Instalment Administration Fee							192,579
Instalment Interest							308,050
Late Payment Interest							242,121
GRAND TOTAL	42,342	1,284,901,601		87,190,248	250,000	-	88,182,998

Summary

<i>Current Year Budget 2018-2019</i>	<i>Rate Assessments</i>		<i>Rateable Value</i>		<i>Rate Yield</i>		<i>Average Rate</i>
	<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>	<i>\$</i>	<i>%</i>	<i>\$</i>
Residential	40,585	96%	1,040,216,177	81%	69,299,579	79%	1,708
Commercial	1,757	4%	244,685,424	19%	17,917,750	21%	10,198
	42,342	100%	1,284,901,601	100%	87,215,300	100%	

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 17: STATEMENT OF RATING INFORMATION

DIFFERENTIAL RATING

A differential rate loading of 12.64 per cent above the residential improved land rate was applied to residential unimproved (vacant) land. A differential rate loading of 13.06 per cent above the residential improved land rate was applied to commercial and industrial land. If the differential rates were not imposed, the rate in the dollar would be approximately 6.436998 cents with a minimum rate of \$1,269.47. 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 2019**

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

(a) Discounts

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

(b) Early Payment Incentive

Ratepayers who paid their rates in full by the early payment date of 14 August 2018 were automatically eligible to go into the draw to win one of three major sponsored prizes. Major sponsored prizes for 2018-2019 are sponsored prizes by various organisations listed below:

Major Prize: \$10,000 from Amara City Gardens Booragoon

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

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

Those who signed up for email rates or registered for Bpay View by 28 August 2018 were automatically eligible to win one of the prizes sponsored by various organisations listed below:

Prizes offered as early payment incentives

Minor Prize - Five (5) \$100 gift vouchers from Raffle Hotel

Minor Prize - One (1) \$500 gift voucher from Stockland Bull Creek

Minor Prize - Two (2) \$250 vouchers from Guardsman Self Storage

Minor Prize - One (1) \$500 "Couples Escape" Gift voucher for use at Le Beau Day Spa

Minor Prize - Three (3) overnight accommodation packages at Pagoda Resort & Spa

(c) Concessions

A concession was granted to strata titled storage units of 18m² or smaller, whereby the minimum rate charged was \$492.38. The value of this concession was \$27,081. This concession was granted due to the size and Gross Rental Value of the storage units. A 100% concession from General Rates was granted to the Melville Glades Golf Club. The value of this concession was \$10,460. The City grants a concession to the Club, as the club maintains the grounds and facilities at no cost to the City.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 19: INFORMATION ABOUT INTEREST PAYMENTS AND ADDITIONAL CHARGES

	<i>Interest Rate %</i>	<i>2018-2019 Actual \$</i>	<i>2018-2019 Budget \$</i>	<i>2017-2018 Actual \$</i>
Late Payment Interest	8	467,171	242,121	272,833
Instalment Interest	4	284,804	308,050	343,530
Instalment Administration Fee		198,070	192,579	205,424

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

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

The following three payment options were provided to ratepayers:

Option 1 - Full amount of the rate notice payable by 14 August 2018 to qualify for the early payment

Option 2 - Full amount of the rate notice payable by 24 August 2018.

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

1st Instalment	Due	28 August 2018
2nd Instalment	Due	30 October 2018
3rd Instalment	Due	4 January 2019
4th Instalment	Due	7 March 2019

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 20: FEES AND CHARGES

Program	2018-2019 Actual \$	2018-2019 Budget \$	2017-2018 Actual \$
General Purpose Funding	414,298	420,412	446,755
Law, Order, Public Safety	263,401	262,900	260,601
Health	325,008	294,405	286,165
Education & Welfare	62,687	58,212	92,776
Housing	108,359	108,822	95,329
Community Amenities	3,288,349	3,262,847	3,339,539
Recreation and Culture	7,807,345	7,566,954	7,480,758
Transport	1,343,330	1,148,650	1,090,395
Economic Services	2,900,537	2,627,598	2,712,420
Other Property and Services	138,794	120,239	213,611
	16,652,108	15,871,039	16,018,349

Swimming Pool Inspections	2018-2019 Actual \$	2018-2019 Budget \$	2017-2018 Actual \$
Operating Income			
Staff Vehicle Contributions	3,049	2,300	3,030
Building Application Fees	(43)	-	56
Other Building Fees	9,471	-	-
Swimming Pool Inspection Fees	475,909	477,078	409,105
Insurance Claim Recoups	909	-	-
Total Operating Income	489,295	479,378	412,191
Operating Expenditure			
Employee Costs	(169,003)	(235,374)	(160,577)
Materials & Contracts	(1,111)	(665)	-
Insurance	(5,094)	-	(1,447)
Internal Charges	(247,717)	(245,963)	(227,369)
Total Operating Expenditure	(422,925)	(482,002)	(389,393)
Net Swimming Pool	66,370	(2,624)	22,798
Transfer From/(To) Private Swimming Pool Inspection Fee Reserve	(66,370)	2,624	(22,798)
NET	-	-	-

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 21: SERVICE CHARGES

SERVICE CHARGES	2018-2019 Actual \$	2018-2019 Budget \$	2017-2018 Actual \$
Community Security - See below note (a)	2,405,559	2,388,709	2,343,233
Underground Power Projects - See below note (b)	2,913,662	2,917,938	2,607,998
	5,319,221	5,306,647	4,951,231

(a) Community Security	2018-2019 Actual \$	2018-2019 Budget \$	2017-2018 Actual \$
Operating Income			
Call Out/Alarm Response Fees	627	2,626	3,209
City of Melville Security Patrol Fees	2,404,932	2,388,709	2,340,024
Total Operating Income	2,405,559	2,391,335	2,343,233
Operating Expenditure			
Employee Costs	(1,740,029)	(1,857,600)	(1,694,601)
Materials & Contracts	(33,818)	(49,690)	(29,723)
Insurance	(1,250)	(2,000)	(1,198)
Other Expenditure	(1,285)	(1,500)	(3,636)
Internal Charges	(605,879)	(609,509)	(594,889)
Internal Recovery	29,389	25,000	21,328
Total Operating Expenditure	(2,352,872)	(2,495,300)	(2,302,719)
Net Community Security	52,687	(103,965)	40,514
Transfer From/(To) Community Security Reserve	(52,687)	103,965	(40,514)
Net - Surplus / (Deficit)	-	-	-

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 21: SERVICE CHARGES

(b) Underground Power Projects	2018-2019 Actual \$	2018-2019 Budget \$	2017-2018 Actual \$
Operating Income			
Melville South Underground Power	2,283	-	294,069
Ardross East Underground Power	(2,697)	-	(211,732)
Melville North Underground Power	2,935,883	2,917,938	1,178,546
Alfred Cove East Underground Power	(21,806)	-	1,347,115
Total Operating Income	2,913,662	2,917,938	2,607,998
Operating Expenditure			
Western Power - Melville North Underground Power Cash Calls	(2,400,000)	(2,917,938)	-
Western Power - Alfred Cove East Underground Power Cash Calls	(2,780,000)	(3,475,000)	-
Total Operating Expenditure	(5,180,000)	(6,392,938)	-
Net Underground Power Projects	(2,266,338)	(3,475,000)	2,607,998
Transfer From/(To) Underground Power Projects Reserve (See below)	2,246,815	3,475,000	(2,525,661)
Net - Surplus / (Deficit)	(19,523)	-	82,337

Transfer From/(To) Underground Power Projects Reserve	2018-2019 Actual \$
Melville North Underground Power & Streetscape Enhancement Reserve	(535,883)
Alfred Cove East Underground Power & Streetscape Enhancement Reserve	1,364,229
Ardross East UGP & Streetscape Enhancement Reserve	2,697
Rates Equalisation Reserve	1,415,771
	2,246,815

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 22: GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

	2018-2019 Actual \$	2018-2019 Budget \$	2017-2018 Actual \$
Operating Grants, Subsidies and Contributions			
Governance	2,890	-	905
General Purpose Funding	3,228,086	3,200,000	3,139,152
Law, Order, Public Safety	28,738	18,750	72,131
Health	17,500	40,000	9,963
Education & Welfare	135,141	107,407	127,747
Community Amenities	786,676	25,250	241,708
Recreation and Culture	48,158	99,030	82,346
Transport	191,156	214,315	104,320
Economic Services	(66)	-	14,425
Other Property and Services	269	13,000	16,000
	4,438,548	3,717,752	3,808,697
Non-Operating Grants, Subsidies and Contributions			
Community Amenities	-	-	24,769
Recreation and Culture	34,179	1,509,959	882,819
Transport	4,109,603	3,453,167	3,341,844
	4,143,782	4,963,126	4,249,432

SIGNIFICANT ACCOUNTING POLICIES

Grants, Donations And Other Contributions

Grants, donations and other contributions are recognised as revenues when the Local Government obtains control over the assets comprising the contributions.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expected 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 23. 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 23: CONDITIONS OVER GRANTS/CONTRIBUTIONS

	<i>Type of Grant</i>	<i>Opening Balance ⁽¹⁾ 1 July 2017 \$</i>	<i>Received ⁽²⁾ 2017-2018 \$</i>	<i>Expended ⁽³⁾ 2017-2018 \$</i>	<i>Closing Balance ⁽¹⁾ 30 June 2018 \$</i>	<i>Received ⁽²⁾ 2018-2019 \$</i>	<i>Expended ⁽³⁾ 2018-2019 \$</i>	<i>Closing Balance 30 June 2019 \$</i>
Grant/Contribution								
Community Amenities								
Smart Cities - Micro Grid Project	Operating	-	-	-	-	427,186	-	427,186
Education & Welfare								
National Science Week	Operating	-	-	-	-	1,950	-	1,950
"Be Connected" Program	Operating	-	-	-	-	5,223	250	4,973
Transport								
Links Road	Non-Operating	-	-	-	-	340,000	-	340,000
Safe Active St Ardross	Non-Operating	-	-	-	-	340,000	-	340,000
Total		-	-	-	-	1,114,359	(250)	1,114,109

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 2019**

NOTE 24: ELECTED MEMBERS REMUNERATION

	2018-2019 Actual \$	2018-2019 Budget \$	2017-2018 Actual \$
Sitting Fees - Mayor	47,046	47,046	47,046
Sitting Fees - Councillors	351,742	376,368	368,053
Conference and Training	34,999	61,750	13,018
Allowance - Mayor	88,863	88,864	88,864
Allowance - Deputy Mayor	48,667	22,216	22,216
Allowance - Councillors	55,097	80,365	52,804
	626,415	676,609	592,001

NOTE 25: LEASING COMMITMENTS

There are no leasing/capital commitments in the years 2018-2019 and 2017-2018.

NOTE 26: 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.

	2018-2019 Actual \$	2017-2018 Actual \$
Contingent liability for additional Workers' Compensation Premium	5,678,136	4,798,077

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 27: INVESTMENT IN ASSOCIATES - USING EQUITY METHOD

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

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

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

There are two core projects being:

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

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

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

(a) Existing Undertakings

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

The City's share as on 30 June 2019:

SMRC Existing Undertakings Proportional Equity Share: **40.06%**

(b) Regional Resource Recovery Centre (RRRC) Project

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

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

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

The City's share as on 30 June 2019:

RRRC Project Proportional Equity Share: **74.07%**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 27: INVESTMENT IN ASSOCIATES - USING EQUITY METHOD

RRRC - Lending Facility

The capital construction of the RRRC facility was funded by borrowings from Western Australian Treasury Corporation (WATC). A \$40 million lending facility was initially set up for this purpose (repayable over a term of 20 years) and this facility has since been extended to a total of \$55 million. The SMRC administer the borrowings with the project participants making quarterly contributions equal to the repayment costs of these borrowings.

The City guaranteed by way of agreement to its share of the loan liability to the SMRC and the WATC. The City's estimated share of the project funding is based on population percentages as derived from the Australian Bureau of Statistics census. These are revised yearly over the life of the lending facility with the City's share for the 2018-2019 year being 40.62%.

As at 30 June 2019, the balance outstanding against the lending facility stood at: \$13,086,683 with the City's share of this liability being \$5,315,811.

(c) Office Accommodation Project

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

The City's share as on 30 June 2019:

Office Accommodation Project Proportional Equity Share:	38.95%
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SMRC Administration Building - Lending Facility

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

As at 30 June 2019, the balance outstanding against the lending facility stood at:	\$ 1,800,000
With the City's share of this liability being:	\$ 626,220
Using the current cost/profit sharing percentage of:	34.79%

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 27: INVESTMENT IN ASSOCIATES - USING EQUITY METHOD

	Note	2018-2019 Actual \$	2017-2018 Actual \$
Net Assets	7	13,142,718	15,802,054
Less: Share of SMRC Loan Liability	14	(5,942,031)	(7,535,289)
Share in the net assets of the SMRC (excluding equity)		7,200,687	8,266,765
Equity Ratio		40.06%	46.70%
Represented by Share of Investment in Associates Entity's Financial Position:			
Current Assets		11,319,728	11,748,155
Non Current Assets		8,827,669	23,937,623
Total Assets		20,147,397	35,685,778
Current Liabilities		4,312,059	7,136,717
Non Current Liabilities		2,692,622	12,747,007
Total Liabilities		7,004,681	19,883,724
Net Assets	7	13,142,718	15,802,054
Profit/(Loss) in Share of SMRC net result		(694,705)	1,859,738
Share of Loss on Revaluation of SMRC Non Current Assets		(371,373)	-
Net Increase / (Decrease) in Equity - SMRC Investment in Associates		(1,066,078)	1,859,738

The City's share of loan liability to the South Metropolitan Regional Council (SMRC) of \$5,942,031 in 2018-2019 and \$7,535,289 in 2017-2018 have been recognised as Other Financial Liability.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 27: INVESTMENT IN ASSOCIATES - USING EQUITY METHOD

SIGNIFICANT ACCOUNTING POLICIES

INVESTMENT IN ASSOCIATES

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

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 28: RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2018-2019 Actual \$	2017-2018 Actual \$
The total of remuneration paid to KMP of the City during the year are as follows:		
Short-term employee benefits	1,487,459	1,637,932
Post-employment benefits	179,778	189,994
Other long-term benefits	87,772	45,668
	1,755,009	1,873,594

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 24.

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

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.

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 40.06% interest in the South Metropolitan Regional Council (SMRC) . The interest in the joint venture entity is accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities, refer to Note 27.

Transactions with related parties

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

The following transactions occurred with related parties:

	2018-2019 Actual \$	2017-2018 Actual \$
Associated companies/individuals:		
Sale of goods and services	26,000	26,000
Purchase of goods and services	30,340	-
Amounts outstanding from related parties:		
Trade and other receivables	-	-
Loans to associated entities	-	-
Loans to key management personnel	-	-
Amounts payable to related parties:		
Trade and other payables	-	-
Loans from associated entities	-	-

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 29: MAJOR LAND TRANSACTIONS

There are no major land transactions in the year 2018-2019.

Melville City Centre Land Exchange, Booragoon

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

Portion of the Former Carawatha Primary School Site, Willagee

As identified as part of the Land Asset Strategy review and Council decision in December 2013, the City undertook a Request for Proposal (RFP) process in April 2015 to explore options for the potential redevelopment of a portion of the former Carawatha Primary School site in Willagee, which the City acquired from the State Government in June 2006. Satterley Property Group was selected from the RFP assessment process and the City has finalised the redevelopment concepts, development model and agreements which will see Satterley Property Group as Project Manager, Satterley Carawatha Pty Ltd as Developer and the City of Melville as Owner. The appointment of Satterley Property Group followed the relevant provisions (Section 3.59) of the Local Government Act 1995 which dealt with the Major Land Transactions. The City of Melville entered into a Development Agreement with Satterley Carawatha Pty Ltd and Project Management, Marketing and Sales Agreement with Satterley Property Group. The project received subdivision approval from the Western Australian Planning Commission in March 2019. Satterley Property Group (project manager) is expected to commence the civil subdivision works by September 2019. The project includes single residential lots, townhouse and apartment construction with the project expected to be completed by 2026.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 29: MAJOR LAND TRANSACTIONS (CONTINUED)

**Ground Lease Redevelopment Proposal 391 Canning Hwy and 36-38A Waddell Rd
Palmyra**

At its meetings held on 20 August 2013 (Resolution C13/3405) and 10 December 2013 (Resolution C13/5339) the Council endorsed an approach to explore opportunities for the potential redevelopment of the City's strategic properties via either seeking Requests for Proposals (RFP) or Expression of Interest (EOI) subject to community engagement and compliance with the requirements of the *Local Government Act 1995*. In July 2017 the City sought requests for proposals for the ground leasing and redevelopment of the subject site, being Lots 830, 831 and 832 Waddell Rd, Palmyra and Lot 55 Canning Highway, Palmyra within the Melville District Activity Centre.

Three proponents submitted proposals and as a result of the evaluation process, formal offers were requested from two short-listed proponents; from which Melville Health, Aged and Community (WA) Pty Ltd (Hall & Prior) was selected as the preferred proponent. The preferred proponent has proposed to ground lease and develop the Melville Health, Aged and Community Activity Centre including a new world class ageing facility with acute care, dementia and complex care, community care, mental health management, young and disabled and health services for Melville residents. Council approved the proposal in December 2018 after it was advertising publically as a Major Land Transaction in accordance with section 3.59 of the LGA 1995 and submissions were considered by Council.

Council also approved the CEO to prepare the draft ground lease agreement with Melville Health, Aged and Community (WA) Pty Ltd and report back to Council for its approval. The ground lease is expected to be approved by the end of 2019, with the site expected to be handed over to the Lessee in February 2021. Construction of the facility by Melville Health, Aged and Community (WA) Pty Ltd is expected to take up to two years with the ground lease expected to commence in 2023 upon completion.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 30: FINANCIAL RISK MANAGEMENT

The City's activities expose it to a variety of financial risks including interest rate risk, credit risk and liquidity 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).

(a) Interest Rate Risk

	<i>Carrying Value</i>		<i>Fair Value</i>	
	2019	2018	2019	2018
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	170,776,611	154,604,464	170,776,611	154,604,464
Receivables	11,927,474	14,126,975	11,927,474	14,126,975
	182,704,085	168,731,439	182,704,085	168,731,439
Financial Liabilities				
Payables	12,198,512	6,848,306	12,198,512	6,848,306
Borrowings	8,025,054	2,400,046	1,889,062	2,107,325
	20,223,566	9,248,352	14,087,574	8,955,631

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.

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 2018-2019 was 2.39% (2.58% for 2017-2018).

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 30: FINANCIAL RISK MANAGEMENT

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

	30 June 2019	30 June 2018
	\$	\$
Impact of a 1% movement in interest rates on cash and investments:		
- Equity	1,707,766	1,546,045
- Income Statement	1,707,766	1,546,045

(b) Credit Risk

Trade Receivables

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

Credit risk on rates and annual charges is minimised by the ability of the City to recover property rates and services charges debts as a secured charge over the land – that is, the land can be sold to recover the debt. 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 applies the AASB 9 *Financial Instruments* simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

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

	Current	More than 1 year past due	More than 2 year past due	More than 3 year past due	Total
30 June 2019					
Rates Receivable					
Expected Credit Loss	0%	0%	0%	0%	
Gross Carrying Amount	5,024,914	-	-	-	5,024,914
Loss Allowance	-	-	-	-	-
1 July 2018					
Rates Receivable					
Expected Credit Loss	0%	0%	0%	0%	
Gross Carrying Amount	3,469,749	-	-	-	3,469,749
Loss Allowance	-	-	-	-	-

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 30: FINANCIAL RISK MANAGEMENT

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	<i>Current</i>	<i>More than 1 year past due</i>	<i>More than 2 year past due</i>	<i>More than 3 year past due</i>	<i>Total</i>
30 June 2019					
Sundry Receivable					
Expected Credit Loss	2.986%	0%	0%	0%	
Gross Carrying Amount	311,255				311,255
Loss Allowance	9,294	-	-	-	9,294
1 July 2018					
Sundry Receivable					
Expected Credit Loss	1.758%	0%	0%	0%	
Gross Carrying Amount	439,509				439,509
Loss Allowance	7,726	-	-	-	7,726

(c) Liquidity Risk

Payables, Borrowings and Other Financial Liability

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

The contractual undiscounted cash flows of the city's payables, borrowings and other financial liability are set out in the liquidity sensitivity table below:

	<i>Due within 1 year \$</i>	<i>Due between 1 & 5 years \$</i>	<i>Due after 5 years \$</i>	<i>Total contractual cash flows \$</i>	<i>Carrying values \$</i>
<u>2019</u>					
Payables	12,198,512	-	-	12,198,512	12,198,512
Borrowings and Other Financial Liability	1,683,475	5,916,274	816,903	8,416,652	8,025,055
	13,881,987	5,916,274	816,903	20,615,164	20,223,567
<u>2018</u>					
Payables	6,848,306	-	-	6,848,306	6,848,306
Borrowings and Other Financial Liability	2,043,424	7,550,553	1,033,230	10,627,207	9,935,335
	8,891,730	7,550,553	1,033,230	17,475,513	16,783,641

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 31: INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

AASB 9 FINANCIAL INSTRUMENTS

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The City applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, The City has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

The effect of adopting AASB 9 as at 1 July 2018 was, as follows:

	Adjustments	01 July 2018 \$
Assets		
Trade Receivables Including Self Supporting Loans	(a)	-
Total Assets		-
Total Adjustments On Equity		
Accumulated Surplus/(Deficit)	(a)	-
		-

The nature of these adjustments are described below:

Classification And Measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through Other Comprehensive Income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the City's business model for managing the assets; and whether the assets' contractual cash flows represent 'sole payments of principal and interest' on the principal amount outstanding.

The assessment of the City's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 31: INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

The classification and measurement requirements of AASB 9 did not have a significant impact on the City. The following are the changes in the classification of the City's financial assets:

Trade Receivables and Loans and Advances (i.e. Other Debtors) classified as Loans and Receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial Assets at amortised cost beginning 1 July 2018.

The City did not designate any financial assets as at fair value through Profit and Loss.

In summary, upon the adoption of AASB 9, the City had the following required (or elected) reclassifications as at 1 July 2018:

	AASB 139 Value	AASB 9 Category Amortised Cost	Fair Value Through OCI	Fair Value Through OCI
	\$	\$	\$	\$
AASB 139 CATEGORY				
Receivables				
Trade Receivables				
Including Self Supporting Loans	9,681,447	9,681,447	-	-
	9,681,447	9,681,447	-	-

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

**NOTE 32: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN
FUTURE YEARS**

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.

This note explains management's assessment of the new and amended pronouncements that are relevant to the City, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income for Not-for-Profit Entities* and AASB 16 *Leases*. These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

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

	Note	AASB 118 Carrying Amount 30 June 2019 \$	Reclassification \$	AASB 15 Carrying Amount 01 July 2019 \$
Contract Assets - Current				
Synthetic Playing		-	562,500	562,500
Contract Liabilities - Current				
Membership Fees - Leisure Fit Booragagoon		-	464,666	464,666
Unspent Grants, Contributions and Reimbursements		-	1,114,109	1,114,109
Adjustment to Retained Surplus from adoption of AASB 15	32(d)	-	(1,016,275)	

(b) Income For Not-For-Profit Entities

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

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

	Note	AASB 1004 Carrying Amount 30 June 2019 \$	Reclassification \$	AASB 1058 Carrying Amount 01 July 2019 \$
Prepaid Rates		-	1,037,948	1,037,948
Adjustment to Retained Surplus from adoption of AASB 1058	32(d)		(1,037,948)	

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

**NOTE 32: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN
FUTURE YEARS**

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

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

(c) Leases

The City does not have any lease liability from 1 July 2018.

On adoption of AASB 16 to recognise lease liabilities in relation to leases which had previously been classified as an "operating lease" applying AASB 117. Lease liability will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019.

(d) Impact of Changes to Retained Surplus

The impact on the City of the changes as at 1 July 2019 is as follows:

	Note	Adjustments \$	2019 \$
Retained Surplus - 30 June 2019			324,160,300
Adjustment to Retained Surplus from adoption of AASB 15	32(a)	(1,016,275)	
Adjustment to Retained Surplus from adoption of AASB 1058	32(b)	(1,037,948)	(2,054,223)
Retained Surplus - 30 June 2019		(2,054,223)	322,106,077

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 33: PROGRAM / SUB-PROGRAM

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 34: FINANCIAL RATIOS

	2018-2019	2017-2018	2016-2017
Current Ratio	1.30	1.42	1.49
Asset Consumption Ratio	0.52	0.56	0.65
Asset Renewal Funding Ratio	1.00	1.00	1.00
Asset Sustainability Ratio	1.26	1.35	1.28
Debt Service Cover Ratio	66.96	77.93	73.07
Operating Surplus Ratio	0.09	0.18	0.16
Own Source Revenue Coverage Ratio	1.05	1.17	1.12

Current Ratio

Measures the short term (unrestricted) liquidity.

Ratio	Target	Actual	Comments
Dept. of Local Government Advanced Benchmark	1.0 Higher is better	1.30	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

\$181.571 - \$157.89 = \$23.69 million

\$21.01 - \$2.74 = \$18.27 million

[Numbers taken from the Statement of Financial Position and Reserves Note 14]

The City's share of loan liability to the South Metropolitan Regional Council (SMRC) of \$5,942,031 has been recognised as Financial Liability in 2018-2019. The comparative figures for 2017-2018 has also been reinstated accordingly. The current liability portion has been taken into the ratio calculation. Refer to Note 27 Investment in Associates using Equity Method for more details.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 34: FINANCIAL RATIOS

Asset Consumption Ratio

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

Ratio	Target	Actual	Comments
Dept. of Local Government Advanced Benchmark	0.6 Higher is better	0.52	The City is investing in asset renewal to a level where it is in danger of slipping into a level where it will have difficulty maintaining the "aged" condition of its assets.

Depreciated Replacement Cost of Depreciable Assets

Current Replacement Cost of Depreciable Assets

\$ 546.56 million

\$1,045.50 million

[Numbers taken from Note 12 -Property, Plant and Equipment, Infrastructure and Investment Property Excluding non depreciable assets such as Land, Artwork and Work In Progress]

Asset Renewal Funding Ratio

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

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

NPV of Planned Capital Renewals Over 10 years

NPV of Required Capital Expenditure Over 10 Years

\$161.34 million

\$161.34 million

[Numbers taken from the Long Term Financial Plan]

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 34: FINANCIAL RATIOS

Asset Sustainability Ratio

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

Ratio	Target	Actual	Comments
Dept. of Local Government Advanced Benchmark	1.1 Higher is better	1.26	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

\$25.36 million

\$20.20 million

[Numbers taken from Note 12(a) - Additions and Depreciation]

Debt Service Cover Ratio

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

Ratio	Target	Actual	Comments
Dept. of Local Government Advanced Benchmark	5.0 Higher is better	66.96	The City has the ability to pay for its debts when they are due.

Annual Operating Surplus before interest and depreciation

Principal and Interest

$\$122.49 - \$112.08 + \$0.142 + \$20.20 = \$30.76$ million

$\$0.317 + \$0.142 = \$0.459$ million

[Annual Operating Surplus- Revenue minus expenditure including loss on asset disposal expenses before interest and depreciation from Statement of Comprehensive Income by Nature & Type and Principal and Interest in Note 14]

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 34: FINANCIAL RATIOS

Operating Surplus Ratio

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

Ratio	Target	Actual	Comments
Dept. of Local Government Advanced Benchmark	0.15 Higher is better	0.09	The City is below the target for operating surplus ratio where it is in danger of slipping into a level where it will have difficulty maintaining both operational costs and asset capital funding.

Operating Revenue minus Operating Expense
Own Source Operating Revenue

\$122.49 - \$112.08 = \$10.41 million
\$118.05 million

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

Own Source Revenue Coverage Ratio

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

Ratio	Target	Actual	Comments
Dept. of Local Government Advanced Benchmark	0.9 Higher is better	1.05	The City has the ability to cover its own operating expenses from its own source revenue.

Own Source Operating Revenue
Operating Expense

\$122.49 - \$4.44 = \$118.05 million
\$111.04 + \$1.03 = \$112.07 million

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