

CITY OF SOUTH PERTH

ANNUAL REPORT 2016/17

CONNECTING OUR COMMUNITY



City of
South Perth



FINANCIALS >



UNDERSTANDING OUR FINANCIALS

STATEMENT OF PROFIT OR LOSS

(PAGE 118)

The 'Statement of Profit or Loss' shows whether the City's operations were in surplus or deficit for the year. It shows the items grouped by function and program (used by the ABS) and by Nature & Type classification. The net result is calculated as Total Revenue less Total Expenses.

A positive result does not necessarily mean that there are extra funds available for spending - nor does a negative result mean that there are insufficient funds providing the shortfall is made up from other sources such as existing cash reserves.

The 'Statement of Profit or Loss' is reconciled to a 'Statement of Comprehensive Income' which also includes non-cash entries in our accounts to reflect the increase in value of fixed assets (buildings, roads, paths, land etc) held by the City.

STATEMENT OF FINANCIAL POSITION

(PAGE 121)

The 'Statement of Financial Position' shows what the City owns (our Assets) and what we owe (our Liabilities).

'Current Assets' are items that can be readily converted into cash within 12 months. Any other assets such as infrastructure, property and equipment are classified as 'Non Current' as it would generally take longer than 12 months to convert them to cash.

Liabilities that are expected to have to be paid within the next 12 months are classified as 'Current Liabilities' whilst all other liabilities are 'Non Current'.

STATEMENT OF CHANGES IN EQUITY

(PAGE 122)

The 'Statement of Changes in Equity' shows how much our investment in community assets is worth. Our 'Net Worth' is calculated as Total Assets less Total Liabilities.

Some of this 'Net Worth' is represented by 'Cash Backed Reserves' whilst the remainder (Retained Surplus from Prior Years and Asset Revaluation Surplus) is backed by other assets rather than by cash.

STATEMENT OF CASH FLOWS

(PAGE 123)

The 'Statement of Cash Flows' indicates how cash flows into the City and what the cash outflows are over the year. It indicates our ability to pay our debts when they are due and have money left for the future.

Cash flows can occur through:

- Operating Activities
(receipt of rates, fees, interest, operating grants or other revenue)
- Investing Activities
(sale, purchase or construction of property, plant or equipment, capital grants)
- Financing Activities
(repayment of borrowings or proceeds of new loans)

RATE SETTING STATEMENT

(PAGE 124)

The 'Rate Setting Statement Flows' demonstrates how the City arrived at the amount of money required to be derived from Rates. In effect it looks at the proposed expenditures then allows for funding from all sources other than rates. The remaining portion represents the cash required to be raised from Rates.

Each of these major financial statements will have cross references to 'Notes to the Accounts' which provide more detail on how a particular number shown on the statements is made up.

FINANCIAL RATIOS

(PAGE 178)

A good way to get an understanding of the City's financial health is to look at the 'Financial Ratios'. These demonstrate the relationships between key numbers in the financial reports. Each ratio has an industry benchmark that indicates a preferred measure if a local government is to be financially sustainable. It is important to look at the trends indicated by the ratios and not just at a single year in isolation.

The major ratios include:

Current Ratio

This indicates our capacity to meet our short term (current) financial obligations. The preferred ratio is a number greater than 1.00 to 1.

UNDERSTANDING OUR FINANCIALS

Operating Surplus Ratio

This is an indicator of how well the revenue raised covers operational expenses and provides available cash for capital expenditures. Ideally the ratio should be positive and between 0% and 15% - but it is not critical if the ratio is less than zero providing there are cash reserves to fund the deficit.

Own Source Revenue Coverage Ratio

This indicates the extent of the City's financial autonomy. That is, our capacity to generate revenues to meet operating costs from our own sources. The preferred ratio is a number greater than 40%.

Debt Service Ratio

This ratio indicates our capacity to meet our debt obligations (loan repayments) as they become due and payable. Ideally the ratio should be a number larger than 2.00 to 1.

Rates Outstanding Ratio

This indicates the effectiveness of our rates collection processes. That is, how much of the rates revenue raised has been collected and converted to cash. The smaller the number indicated by this ratio - the better, but it should always be less than 5%.

Asset Consumption Ratio

This ratio indicates the aged condition of our fixed assets. It shows the written down (depreciated) value of our assets today as compared to the cost of replacing them with brand new ones. The preferred ratio is between 50% and 70% of their new asset cost.

Asset Sustainability Ratio

This indicates the extent to which assets are being either replaced or renewed as they reach the end of their useful lives. Ideally the expenditure on asset renewal and replacement should be more than 90% of the amount the assets depreciate by each year.

Asset Renewal Funding Ratio

The ratio shows the relationship between what the City plans to spend on renewing its assets (from the Long Term Financial Plan) and what is required to be spent on renewing its assets (from its Asset Management Plans). The preferred ratio is between 95% and 100%.

Financial Health Indicator (FHI)

The results from calculating each of the above ratios are then 'standardised' and used to calculate a Financial Health Indicator (FHI) score, which is a composite assessment of a local government's financial health. This is derived using a specialised model developed by the Western Australian Treasury.

A FHI score of at least 70 is required to demonstrate sound financial health. The City's FHI score as at 30 June 2017 is 64.

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Local Government Act 1995

Local Government (Financial Management) Regulations 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached Financial Report of the City of South Perth comprising the Annual Financial Report and supporting Notes and other information for the year ended 30 June 2017 are, in my opinion, properly drawn up to present fairly the financial position of the City of South Perth at 30 June 2017 and the results of the City's operations for the year then ended in accordance with Australian Accounting Standards and comply with the provisions of the *Local Government Act 1995 and Regulations under that Act*.

Signed as authorisation of issue on the 27 day of November, 2017.



Vicki Lummer
ACTING CHIEF EXECUTIVE OFFICER

STATEMENT OF PROFIT OR LOSS BY FUNCTION / PROGRAM

FOR THE YEAR ENDED 30 JUNE 2017

DETAILS	NOTE	BUDGET \$	2017 \$	2016 \$
REVENUE	3,4			
General Purpose Funding		38,608,442	38,558,172	36,719,354
Governance		80,000	69,506	150,156
Law, Order & Public Safety		812,250	237,522	136,359
Education		-	-	-
Health		124,500	125,542	136,536
Welfare		-	-	-
Housing		1,570,012	1,748,096	1,652,154
Community Amenities		7,115,011	6,564,874	6,988,139
Recreation & Culture		3,674,950	4,898,348	4,349,843
Transport		2,398,830	2,390,508	2,130,187
Economic Services		704,000	714,536	766,913
Other Property & Services		60,000	164,546	122,544
		55,147,995	55,471,650	53,152,185
EXPENSES	3,4			
General Purpose Funding		404,845	592,672	328,680
Governance		7,322,928	8,079,739	6,360,324
Law, Order & Public Safety		880,353	934,869	874,180
Education		70,250	80,409	66,015
Health		556,347	592,650	562,162
Welfare		853,747	515,043	493,901
Housing		1,979,804	2,053,849	2,406,393
Community Amenities		9,824,182	9,774,375	9,300,811
Recreation & Culture		18,163,131	17,196,368	17,495,088
Transport		14,269,545	15,538,115	15,241,238
Economic Services		877,488	851,982	873,801
Other Property & Services		236,060	1,369,065	741,358
		55,438,680	57,579,136	54,743,951
BORROWING EXPENSES	4			
General Purpose Funding		445,115	450,697	329,739
Recreation & Culture		173,397	185,510	186,820
		618,512	636,207	516,559
DISPOSAL OF ASSETS	4			
Profit on Disposal of Assets		1,936,928	1,965,493	3,355,811
Loss on Disposal of Assets		-	-	(26,991)
PROFIT / (LOSS) ON DISPOSAL		1,936,928	1,965,493	3,328,820
GRANTS - ASSET DEVELOPMENT	4	2,607,233	2,251,147	3,714,558
MOVEMENT IN EQUITY	12	-	(45,693)	(58,164)
NET RESULT		\$3,634,964	\$1,427,254	\$4,876,889

The accompanying notes form part of the Financial Statements

STATEMENT OF PROFIT OR LOSS BY NATURE & TYPE

FOR THE YEAR ENDED 30 JUNE 2017

DETAILS	NOTE	BUDGET \$	2017 \$	2016 \$
REVENUE	3,4			
Rates Revenue		34,274,590	34,606,506	32,903,932
Fees & Charges		15,050,731	14,083,246	14,175,275
Grants & Subsidies - Operational		1,863,111	1,822,218	1,141,400
Contributions & Reimbursements		237,000	844,444	532,806
Interest Revenue		2,585,153	2,172,715	2,523,789
Service Charges		-	-	41
Other Revenue		1,137,410	1,942,521	1,874,944
		55,147,995	55,471,650	53,152,187
EXPENSES	3,4			
Employee Expenses		22,366,971	22,894,648	20,453,461
Materials & Contracts		19,319,365	19,706,518	18,804,203
Utilities & Insurances		2,640,132	2,625,625	2,642,316
Depreciation		9,563,500	10,871,349	11,121,276
Amortisation Expense		75,000	111,227	72,252
Other Expenses		1,473,712	1,369,769	1,650,443
		55,438,680	57,579,136	54,743,951
BORROWING EXPENSES	4			
Interest Expense		618,512	636,207	516,559
DISPOSAL OF ASSETS	4			
Profit on Disposal of Assets		1,936,928	1,965,493	3,355,811
Loss on Disposal of Assets		-	-	(26,991)
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NET RESULT		\$3,634,964	\$1,427,254	\$4,876,889

The accompanying notes form part of the Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

DETAILS	NOTE	BUDGET \$	2017 \$	2016 \$
NET RESULT		3,634,964	1,427,254	4,876,889
(as disclosed on Statement of Profit or Loss)				
OTHER COMPREHENSIVE INCOME				
(Loss) Gain on Revaluation of Land	23, 39	-	(8,106,371)	520,000
(Loss) Gain on Revaluation of Buildings	23, 39	-	(8,289,072)	2,447,412
Gain (Loss) on Revaluation of Furniture	23, 39	-	-	30,000
Gain (Loss) on Revaluation of Artworks	23, 39	-	-	-
Gain (Loss) on Revaluation of Roads	23, 40	-	24,039,817	63,819,385
Gain (Loss) on Revaluation of Paths	23, 40	-	3,133,196	1,257,870
Gain (Loss) on Revaluation of Drainage Asset	23, 40	-	524,491	(56,361)
(Loss) Gain on Revaluation of Parks Assets	23, 40	-	(9,573,626)	1,137,746
Gain (Loss) on Revaluation of St Furniture	23, 40	-	496,971	168,582
Net Gain (Loss) on Revaluation of Assets		-	2,225,406	69,324,634
TOTAL OTHER COMPREHENSIVE INCOME		-	2,225,406	69,324,634
TOTAL COMPREHENSIVE INCOME		\$3,634,964	\$3,652,660	\$74,201,523

The accompanying notes form part of the Financial Statements

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2017

DETAILS	NOTE	2017 \$	2016 \$
CURRENT ASSETS			
Cash & Cash Equivalents	5, 35	61,615,070	66,606,660
Trade & Other Receivables	6	3,252,030	1,844,114
Inventories – Materials	7	109,051	129,768
Assets Held for Sale	8	-	134,792
Other Current Assets	9	896,338	616,951
TOTAL CURRENT ASSETS		65,872,489	69,332,285
NON-CURRENT ASSETS			
Other Receivables	10	1,525,948	1,822,443
Assets Held for Sale	11	-	766,464
Investments	12	180,348	226,041
Property, Plant & Equipment	13, 39	375,128,578	384,166,128
Infrastructure	14, 40	331,774,522	312,388,767
Intangibles	15	978,272	896,667
TOTAL NON-CURRENT ASSETS		709,587,668	700,266,510
TOTAL ASSETS		775,460,157	769,598,795
CURRENT LIABILITIES			
Trade & Other Payables	16	6,389,351	3,969,667
Borrowings	17, 38	1,482,788	1,392,360
Provisions	18	4,402,015	3,769,965
Leaseholder Liability	19	30,563,600	29,940,576
TOTAL CURRENT LIABILITIES		42,837,754	39,072,568
NON-CURRENT LIABILITIES			
Borrowings	20, 38	10,206,248	11,689,036
Provisions	21	332,490	406,185
TOTAL NON-CURRENT LIABILITIES		10,538,738	12,095,221
TOTAL LIABILITIES		53,376,492	51,167,789
NET ASSETS		\$722,083,665	\$718,431,006
EQUITY			
Retained Surplus		126,670,435	122,884,178
Reserves - Cash Backed	22	49,400,376	51,759,380
Revaluation Surplus	23	546,012,854	543,787,448
TOTAL EQUITY		\$722,083,665	\$718,431,006

The accompanying notes form part of the Financial Statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

DETAILS	NOTE	RETAINED SURPLUS \$	CASH RESERVES \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2015		110,437,627	59,329,041	474,462,814	644,229,482
Comprehensive Income					
Net Operating Result		4,876,889	-	-	4,876,889
Other Comprehensive Income - Revaluation of Non-Current Assets	23	-	-	69,324,634	69,324,634
Total Comprehensive Income		4,876,889	-	69,324,634	74,201,523
Reserve Movements					
Transfer to Reserves	22	(12,713,753)	12,713,753	-	-
Transfer from Reserves	22	20,283,414	(20,283,414)	-	-
Total Reserve Movements		7,569,661	(7,569,661)	-	-
Balance at 30 June 2016	22, 23	\$122,884,177	\$51,759,380	\$543,787,448	\$718,431,006
Balance as at 1 July 2016		122,884,177	51,759,380	543,787,448	718,431,006
Comprehensive Income					
Net Operating Result		1,427,254	-	-	1,427,254
Other Comprehensive Income - Revaluation of Non-Current Assets	23	-	-	2,225,406	2,225,406
Total Comprehensive Income		1,427,254	-	2,225,406	3,652,660
Reserve Movements					
Transfer to Reserves	22	(5,563,575)	5,563,575	-	-
Transfer from Reserves	22	7,922,579	(7,922,579)	-	-
Total Reserve Movements		2,359,004	(2,359,004)	-	-
Balance at 30 June 2017	22, 23	\$126,670,435	\$49,400,376	\$546,012,854	\$722,083,665

The accompanying notes form part of the Financial Statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

DETAILS	NOTE	BUDGET \$	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates Revenue		34,154,590	34,272,942	32,780,113
Fees & Charges		18,505,731	15,701,598	15,531,355
Interest Revenue		2,505,153	1,774,191	2,720,930
Other Revenue		1,374,410	2,786,965	2,399,435
Grants - Operating		1,863,111	1,822,218	1,148,800
Service Charges		20,000	11,024	22,433
GST Refunded by ATO		-	2,071,165	5,017,125
Total Operating Cash Receipts		58,422,995	58,440,103	59,620,191
Payments				
Employee Costs		(22,231,971)	(22,135,623)	(20,446,031)
Materials & Contracts		(21,854,365)	(22,099,669)	(24,981,587)
Interest Expense		(626,512)	(637,843)	(522,416)
Utilities & Insurance Costs		(2,625,132)	(2,625,625)	(2,696,884)
Other Expenses		(1,458,713)	(1,369,769)	(1,650,444)
GST Payable to ATO		(350,000)	-	-
Total Operating Cash Payments		(49,146,692)	(48,868,529)	(50,297,362)
Net Cash Flow from Operating Activities	35	9,276,303	9,571,574	9,322,828
Net Cash Flow from Investing Activities				
Proceeds from Sale of Land		1,865,208	2,000,000	1,620,000
Proceeds of Sale of Property, Plant & Equipment		228,670	267,481	441,683
Proceeds of Deferred Settlement Land Sale		267,481	-	565,356
Purchase / Construction of Assets	39,40	(31,805,250)	(18,587,712)	(25,567,528)
Grants for Development of Assets	4	2,607,233	2,251,147	3,714,558
Net Cash used in Investing Activities		(27,951,139)	(14,069,084)	(19,225,931)
Net Cash Flow from Financing Activities				
Repayment of Borrowings	38	(1,392,360)	(1,392,359)	(1,149,859)
Self-Supporting Loan Receipts		275,256	275,255	263,325
Incoming (Outgoing) CPV Contributions	19	750,000	623,024	19,428
Proceeds from Borrowings	38	-	-	5,000,000
Self-Supporting Loan Advanced	38	-	-	-
Net Cash Flow from Financing Activities		(367,104)	(494,080)	4,132,894
Net Increase / (Decrease) in Cash Held		(19,041,940)	(4,991,590)	(5,770,209)
Cash & Cash Equivalents at Beginning of Year		66,601,106	66,606,660	72,376,869
Cash & Cash Equivalents at End of Year	35	\$47,559,166	\$61,615,070	\$66,606,660

The accompanying notes form part of the Financial Statements

RATE SETTING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

DETAILS	NOTE	BUDGET \$	2017 \$	2016 \$
OPERATING REVENUE (Excluding Rates)				
General Purpose Funding		4,308,852	3,951,666	3,815,422
Governance		80,000	69,506	150,156
Law, Order & Public Safety		201,250	237,522	136,359
Education		-	-	-
Health		124,500	125,542	136,536
Welfare		-	-	-
Housing		1,570,012	1,748,096	1,652,154
Community Amenities		6,906,511	6,564,874	6,988,139
Recreation & Culture		5,036,178	4,898,348	4,349,843
Transport		2,526,830	2,390,508	2,130,187
Economic Services		686,000	714,536	766,913
Other Property & Services		91,000	164,546	122,545
Total Operating Revenue Excluding Rates		21,531,133	20,865,144	20,248,254
OPERATING EXPENDITURE				
General Purpose Funding		(849,960)	(1,043,369)	(716,583)
Governance		(7,938,178)	(8,079,739)	(6,360,324)
Law, Order & Public Safety		(890,353)	(934,869)	(874,180)
Education		(70,250)	(80,409)	(66,015)
Health		(556,347)	(592,650)	(562,162)
Welfare		(528,747)	(515,043)	(493,901)
Housing		(2,303,304)	(2,053,849)	(2,406,393)
Community Amenities		(10,691,537)	(9,774,375)	(9,300,811)
Recreation & Culture		(19,310,028)	(17,381,877)	(17,681,908)
Transport		(15,939,545)	(15,538,115)	(15,241,238)
Economic Services		(875,738)	(851,982)	(873,801)
Other Property & Services		(1,271,060)	(1,369,065)	(741,358)
Total Operating Expenditure		(61,225,047)	(58,215,342)	(55,318,673)
Net Operating Result - Excluding Rates		(39,693,914)	(37,350,198)	(35,070,419)
Adjust for Cash Budget Requirements				
Depreciation of Assets	4	10,963,500	10,871,349	11,121,276
Amortisation Expense	4	75,000	111,227	72,252
Movement in Employee Benefit Provisions	21	-	(73,695)	121,536
Movement in CPV Liability	19	750,000	623,024	19,428
Movement in Deferred Pensioner Rates	10	(15,000)	4,699	(5,726)
Movement in Non-Current Investment	12	-	-	58,164
Net Non-Cash Items		11,773,500	11,536,604	11,386,930

The accompanying notes form part of the Financial Statements

RATE SETTING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

DETAILS	NOTE	BUDGET \$	2017 \$	2016 \$
ACQUISITIONS - NON-CURRENT ASSETS				
Acquisition of Buildings	39	(4,500,000)	(810,747)	(397,049)
Acquisition of Land	39	-	-	(493,871)
Acquisition of Furniture	39	(105,000)	(500,413)	-
Acquisition of Technology	39	(1,242,000)	(616,972)	(191,776)
Acquisition of Plant & Equipment	39	(234,000)	(132,176)	(65,887)
Acquisition of Mobile Plant	39	(1,229,850)	(1,119,838)	(1,496,007)
Construction of Infrastructure Assets	40	(11,918,500)	(5,588,520)	(7,835,269)
Acquisition of Artworks	39	-	-	(75,601)
Acquisition of Software	15	-	(192,832)	(341,158)
WIP - Property Plant & Equipment	13	-	(6,045,126)	(13,579,925)
WIP - Infrastructure	14	-	(3,581,090)	(1,277,344)
Total Cash Demand for Asset Acquisition		(19,229,350)	(18,587,714)	(25,753,887)
REPAYMENT OF LOANS				
Loan Principal Repayments	38	(1,392,360)	(1,392,359)	(1,149,859)
Self Supporting Loan Advanced	38	-	-	-
Total Cash Demand for Loan Repayments		(1,392,360)	(1,392,359)	(1,149,859)
Net Capital Expenditure		(20,621,710)	(19,980,073)	(26,903,746)
CAPITAL REVENUES				
Proceeds from Disposal of Land	4	1,865,208	2,000,000	1,620,000
Proceeds from Asset Disposals	4	280,670	267,481	441,684
Cash Deposit Received - Deferred Land Sale		-	-	1,130,712
Grants for Acquisition of Assets	4	1,797,233	2,251,147	3,714,558
Proceeds of New Loans	38	-	-	5,000,000
Self Supporting Loan Repayments Recouped	38	275,256	275,256	263,325
Net Capital Revenues		4,218,367	4,793,884	12,170,279
RESERVE TRANSFERS				
Transfers to Reserves	22	(5,866,137)	(5,563,575)	(12,713,753)
Transfers from Reserves	22	7,017,269	7,922,579	20,283,414
Net Reserve Transfers		1,151,132	2,359,004	7,569,661
Net Funds Demand		(43,172,625)	(38,640,779)	(30,847,295)
Add				
Opening Position - Surplus (Deficit)		9,423,226	9,423,226	7,366,589
Less				
Closing Position - (Surplus) Deficit	31	(660,191)	(5,388,953)	(9,423,226)
AMOUNT TO BE MADE UP FROM RATES		(\$34,409,590)	(\$34,606,506)	(\$32,903,932)

The accompanying notes form part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of these financial statements are:

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not for profit entities), Australian Accounting Interpretations, authoritative pronouncements of the Australian Accounting Standards Board, Local Government Act (1995) and accompanying regulations.

With the exception of the cash flow and rate setting information, the report has been prepared on an accrual basis using historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

(b) 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 entity, all inter-fund transactions and balances have been eliminated upon consolidation.

(c) Critical Accounting Estimates

Preparation of these financial statements to conform to Australian Accounting Standards has required management to make professional judgements and estimates that may affect the application of policies and the reported amounts of assets, liabilities, revenues and expenses.

All such estimates are based on historical experience and other factors that are believed to be reasonable under the circumstances. This experience and other relevant factors combine to form the basis for making professional judgements about the carrying values of assets and liabilities that may not otherwise be readily apparent. Realised actual results may therefore differ from these professional estimates.

(d) Comparatives

Where it is applicable, prior year comparative figures have been adjusted to reflect changes in presentation for the current year. Budget comparisons (excluding the Rate Setting Statement and Statement of Cash Flows) reflect the revised budget as amended by Budget Reviews conducted during the year.

(e) Rounding of Figures

Figures in this financial report, other than the rate in the \$, are rounded to the nearest dollar.

(f) Allocation of Corporate Costs

Allocation of corporate costs using Activity Based Costing principles has been included in this financial report. This allocation of costs has a neutral impact upon the overall operating result of the City but results in a more accurate reflection of the costs of providing specific services by incorporating an allocation for corporate services provided to other service areas.

(g) Goods & Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities recoverable from or payable to the ATO are classified as operating cash flows in the statement.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash held in bank accounts, deposits held at call and term deposits with financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

(i) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the City obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating year or earlier upon receipt of the rates. Control over granted assets is normally obtained upon their receipt or upon prior notification that a grant has been secured. Contributions over which the City has control but which had not been received at reporting date are accrued and recognised as receivable.

(j) Investments & Other Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

The effective interest method used is to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

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

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

(ii) Loans and receivables

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

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

(j) Investments & Other Financial Instruments (Continued)

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

Impairment

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

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

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

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses.

After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

De-recognition

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

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

(k) Inventories - Stores and Materials

Inventories held at reporting date have been valued at the lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

(l) Assets Held for Sale

Land (and the buildings affixed to it) specifically identified as 'Held for Sale' in the City's Long Term Financial Plan has been independently valued at net realisable value for disposal purposes but is recorded in the financial statements at the lower of net realisable value or cost.

Revenue arising from the disposal of real property is recognised in the Statement of Comprehensive Income at the time of signing a binding contract of sale.

(m) Trade & Other Receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods and services performed in the ordinary course of business. The receivables are carried at their nominal amounts due less a provision for impairment of debts. The likelihood of collecting debts is reviewed on an ongoing basis. Debts that are recognised as uncollectible are written off when identified. A provision for impaired debts is made when there is objective evidence that the debt will not be collectible.

(n) Infrastructure, Property, Plant and Equipment

Each class of fixed assets within the property, plant and equipment or infrastructure groupings, is carried at fair value, or for assets acquired / disposed of since revaluation date at cost, as indicated, less, where applicable, any accumulated depreciation and impairment losses.

Mandatory Requirement to Revalue Non-Current Assets

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

During the year ended 30 June 2013, the City commenced the process of adopting fair value in accordance with the regulations.

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

Thereafter, each asset class must be revalued in accordance with the regulatory framework established.

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

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16(a), the Council 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. Council has included such crown land (which comes under this regulation) in its 2012/2013 and subsequent annual financial statements.

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

(n) Infrastructure, Property, Plant and Equipment (Continued)

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, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This action reflects the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads. 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 Council.

Depreciation

The depreciable amounts of all non-infrastructure fixed assets excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements. Infrastructure Assets are depreciated based on the asset component condition with most asset classes able to be reliably assessed by inspection with the exception of drainage assets which are valued using (reliable) age data as a reasonable proxy for condition.

Major depreciation periods used for each class of depreciable asset are:

• Artwork	50 years
• Buildings	15 - 200 years (based on components)
• Plant and Equipment	10 years
• Furniture and Fittings	10 years
• Computer Equipment	3 - 10 years
• Mobile Plant	3 - 10 years
• Infrastructure - Roads	20 - 60 years for individual components
• Infrastructure - Drains	100 years
• Infrastructure - Paths	40 - 60 years dependent on path type
• Infrastructure - Street Furniture	20 years
• Infrastructure - Parks Equipment	20 years
• Foreshore Assets	100 years

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

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

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

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:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

(n) Infrastructure, Property, Plant and Equipment (Continued)

Impairment of Assets

In accordance with Australian Accounting Standards, the City's assets other than inventories are assessed at each reporting date to determine whether or not there is any indication that they may be impaired. Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with the provisions of AASB 136 Impairment of Assets - and appropriate adjustments are made. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating capacity exceeds its recoverable amount. Impairment losses are recognised immediately in the Statement of Comprehensive Income.

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

(o) Intangibles

(i) Easements

Local Governments are required to recognise easements in their Financial Statements where the asset can be identified and reliably measured. The City has easements over certain small portions of land but it is not possible to reliably measure these. Accordingly they are recognised at nil value.

(ii) Software

Costs incurred in developing software that will contribute to future period financial benefits through revenue generation or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of software development including consultancy, programming and data migration services. Amortisation is calculated on a straight line basis over 10 years. Technology development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the City has an intention and ability to use the asset.

(p) Trade & Other Payables

Trade and other payables represent liabilities for goods and services that are unpaid at the end of the reporting period. The liability arises when the City becomes obligated to make future payments in respect of those goods and services. These amounts are generally unsecured.

(q) Borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. Following initial recognition, interest bearing loans and borrowings are measured at amortised cost. Fees paid on the establishment of loan facilities that are yield related are included in the carrying amount of the borrowings. Interest bearing loans and borrowings are classified as current liabilities unless the City has an unconditional right to defer settlement of that liability for at least 12 months after balance date.

(r) Employee Entitlements

Short-Term Employee Benefits

Provision is made for the Council'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 Council's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Council's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

(r) Employee Entitlements (Continued)

Other Long-Term Employee Benefits

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

Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur. Employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date are accrued annually. These benefits include wages and salaries, annual leave, long service leave and other relevant associated costs such as superannuation and workers' compensation premiums.

(s) Superannuation

Superannuation expense for the period reflects the City's contribution to the WA Local Government Superannuation Fund which provides benefits to the City's employees. The plan is a cash accumulation scheme and the City bears no liability for obligations that may otherwise arise if the scheme were a defined benefit scheme.

(t) Trust Funds

The City is required under the Local Government Act to maintain a separate and distinct Trust Fund to account for all monies held by way of deposit or in trust for any person, all monies held on behalf of the Government for specific purposes, and all monies and property held in trust for any charitable or public purpose. The City performs only a custodial role in respect of these monies, and they cannot be used for City purposes. All Trust funds and the related liabilities to repay those deposits and bonds are excluded from the annual financial statements.

(u) Leaseholder Liability

The leaseholder liability represents the City's obligation to repay the unit lease purchase price (less the deposit premium and refurbishment levy) paid by residents of the Collier Park Village upon individual leaseholders relinquishing their leases.

As the City does not have a right to defer settlement of the refund for more than one year upon a lease being relinquished, the entire liability is required to be disclosed as a Current Liability.

Notwithstanding this, the City recognises that only a portion of the leases for units within the complex will be relinquished in the next twelve months. Whilst there is some subjectivity in establishing the rate of turnover in tenancies and the quantum of payments to individual leaseholders in different stages of the complex, the City establishes a historical rolling five year average of the number of vacated units and then applies that percentage (7.1%) to the overall leaseholder liability to determine the anticipated obligation likely to become due in the next twelve months. This classification of the liability showing the timing of anticipated cash outflows is detailed in Note 37 to these Financial Statements. An amount greater than the outgoing payment for the next twelve months is quarantined in a cash-backed reserve maintained specifically for this purpose.

(v) Operating Leases

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

(w) Investments in Associates

An associate is an entity over which the Council 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 Council's share of net assets of the associate. In addition, the Council's share of the profit or loss of the associate is included in the Council's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Council'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 Council and the associate are eliminated to the extent of the Council's interest in the associate.

When the Council's share of losses in an associate equals or exceeds its interest in the associate, the Council 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 Council will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Interests in Joint Ventures

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required. Separate joint ventures providing the joint venturers with an interest in the net assets are classified as a joint venture and are accounted for using the equity method.

(x) 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 Council's operational cycle.

In the case of liabilities where the Council 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 Assets Held for Sale which is classified as either current or non-current based on the City's intentions to release land for sale.

(y) Fair Value Measurement of Assets & Liabilities

When performing a revaluation, the Council uses a mix of both independent and management valuations using the following as a guide: Fair Value is the price that Council would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

(y) Fair Value Measurement of Assets & Liabilities (Continued)

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

The Council 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 Council 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 reflect the current replacement cost of an asset at current service capacity.

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the City for the annual reporting period ended 30 June 2017. The City's assessment of these new standards and interpretations is set out below.

Title & Topic	Issued	Applies	Impact on Statements
AASB 9 - Financial Instruments (incorporating AASB 2014 - 7 and AASB 2014 - 8)	Dec 14	1 Jan 18	Nil - The objective of this standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the City's financial assets, its effect is not expected to be material.
AASB 15: Revenue from Contracts with Customers	Dec 14	1 Jan 19	This standard establishes the principles for entities reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The impact of this standard depends on the nature of future transactions between the City and those third parties.
AASB 16 Leases	Feb 16	1 Jan 19	Under AASB 16, there is no longer a distinction between finance and operating leases. Lessees now bring to account a right-to-use asset and the lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position are required to be capitalised on the statement of financial position once AASB 16 is adopted. Operating lease payments are currently expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the City, the impact is not expected to be significant.
AASB 1058 Income of Not-for-Profit Entities	Dec 16	1 Jan 19	This Standard clarifies and simplifies the income recognition requirements that apply to notforprofit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability, a performance obligation (a promise to transfer a good or service), or, an obligation to acquire an asset. The City has not yet determined the application or the potential impact of the Standard.

Adoption of New & Revised Accounting Standards

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

The new and revised standards adopted by the City were:

AASB 2015 - 6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049].

The objective of this Standard was to extend the scope of AASB 124 Related Party Disclosures to include not-for-profit sector entities.

The Standard has had a significant disclosure impact on the financial report as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

2. ACCOUNTING POLICY

All accounting policies adopted are consistent with those of the previous year unless otherwise noted. Where it has been necessary to accommodate changes in disclosure requirements upon receipt of definitive guidance from the Department of Local Government or through the application of new or revised accounting standards, the comparative figures have been adjusted to reflect changes in presentation for the current year.

From the 2015/2016 year, the Leaseholder Liability associated with the Collier Park Village is recorded as a current liability rather than as a non-current liability as has previously been the case. Comparative figures have been adjusted to reflect similar treatment in these financial statements.

Statement of Certain Liabilities at Net Present Value

The City does not disclose the liability for monies to be refunded to outgoing residents of the Collier Park Village in the primary financial statements at their net present value - preferring to continue to show them at the nominal values at which they are have previously been disclosed. In this case, the nominal values disclosed are actually more conservative and disclosed at higher than the discounted values.

The reasons for this decision are provided below and the separate disclosures of the timing of contractual obligations of the leaseholder liability are provided separately at Note 37 - Financial Risk Management.

The practice of disclosing the Collier Park Village (CPV) liabilities at their current nominal value is considered by the City to be a more meaningful, objective and useful disclosure to users of the financial statements - including the residents of the Collier Park Village for the following reasons:

- The liability to each individual resident of the Retirement Complex has no defined term - and is subject to change according to the state of health of each individual resident.
- There is therefore considerable subjectivity in determining the likely due dates for repayment of refundable monies to departing residents.
- The aggregate liability is also required to be specifically 'cash backed' by quarantined Reserve Funds rather than being represented by unspecified assets.
- All transactions relating to leasehold obligations in the village, whether incoming or outgoing are transacted through the related cash backed reserve fund.
- Reconciling a liability recorded at Net Present Value to the associated cash backing of that liability maintained at nominal value is problematic.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

3. OUR VISION & MISSION STATEMENT

Mission Statement

Our mission statement outlines the purpose and core business of the City of South Perth. This statement identifies the important roles of the community, Council and staff in ensuring that the strategies outlined in the Strategic Plan can be achieved.

The City's mission statement is: 'Working Together to Create a City for Everyone'.

Vision

Our vision statement describes how the City of South Perth will respond to the community's aspirations and priorities in the future. The community vision was identified through the Our Vision Ahead project:

'We belong to an engaged and cohesive community that is linked by vibrant local centres and shared spaces. We live and travel in ways that nurture our environment; and our housing and amenities meet the diverse needs of a changing society'.

Corporate Values

The City conducts its business based on its adopted corporate values. These govern the way in which we engage with our community, the pride with which we undertake our work and the services that we deliver to our community. Our corporate values are Trust, Respect, Understanding and Teamwork.

OBJECTIVES & FUNCTIONS (PROGRAMS) OF THE CITY

Statement of Objective

The City of South Perth is dedicated to providing high quality customer focussed services to the community through its adoption of the principles of business excellence. Outcomes are pursued through the various service orientated programs that the City has established.

Activities relating to the components reported on the Income Statement are as follows:

Law, Order & Public Safety

This program embraces parking management, animal control, fire prevention and Safer Cities.

Education

This program includes the maintenance of pre-school facilities including the operating costs for utilities, building maintenance and grounds maintenance for each of these facilities.

Health

The health program includes food premises inspections, pest control, environmental health administration and operation and maintenance of the buildings and grounds of child health centres.

Welfare

This program includes the operation and maintenance of the buildings and grounds of two senior citizens centres including staff costs for coordinators at the centres and other voluntary services.

Housing

The largest single component of this program is the operation and maintenance of the Collier Park Retirement Village. This includes all operating costs for the facilities and the revenue streams arising from residents' fees at the Collier Park Village.

Community Amenities

This program includes household rubbish collection services, recycling collections and operation of the waste transfer station. Also embraced within this program are environmental management and noise control. The other major component of the Community Amenities program is administration of the town planning scheme and orderly planning of the district.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

3. OUR VISION & MISSION STATEMENT (CONTINUED)

Recreation & Culture

This program includes operation and maintenance of our halls and recreation centre. The operation of two libraries and a local studies facility fall within this program which also includes the maintenance and upkeep of sporting and passive reserves, sporting pavilions and other public facilities.

Another major component of the revenue stream for this program is the operation of a 27 hole golf course at Collier Park. The acclaimed City of South Perth Fiesta forms part of the Recreation & Culture program as do activities associated with supporting community and cultural organisations.

Transport

The transport program includes the maintenance and rehabilitation of roads, drainage networks, paths, parking facilities, streetscape and verge maintenance as well as maintenance of traffic devices and traffic signs and expenses relating to street lighting.

Economic Services

This program includes building control, pool inspections and the operation of the City's plant nursery.

Other Property & Services

This program includes public works overheads and operation of the City's fleet and plant services.

4. OPERATING REVENUE & EXPENSES

Significant Revenues	2017 \$	2016 \$
Profit on Disposal of Land - Bradshaw Crescent, Manning	1,865,208	1,574,444
Profit on Disposal of Land - Ray St, South Perth	-	1,486,363
	\$1,865,208	\$3,060,807

Grant Revenue by Program (Function)

Program Name	Budget \$	2017 \$	2016 \$
General Purpose Funding	924,781	934,282	457,264
Governance	-	-	-
Law, Order & Public Safety	-	-	-
Education & Welfare	-	-	-
Health	-	-	-
Housing	-	-	-
Community Amenities	20,000	130,225	64,000
Recreation & Culture	1,069,000	787,400	2,590,082
Transport	2,376,563	2,221,457	1,744,612
Economic Services	-	-	-
Other Property & Services	-	-	-
Total Grants Revenue	\$4,390,344	\$4,073,364	\$4,855,958

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

4. OPERATING REVENUE & EXPENSES (Continued)

Conditions over Grants & Contributions

Conditional Grants	Balance 30 June 2015	Received 2015/2016	Expended 2015/2016	Balance 30 June 2016	Received 2016/2017	Expended 2016/2017	Balance 30 June 2017
Digital Engagement Initiative	-	-	-	-	-	-	-
Mosquito Management	-	-	-	-	-	-	-
River Wall Repairs	-	-	-	-	23,455	(23,455)	-
Foreshore Remediation	-	-	-	-	71,771	(71,771)	-
Natural Areas Maintenance	156,973	64,000	(190,973)	30,000	34,999	(64,999)	-
EJ Oval Precinct Redevelopment	-	-	-	-	158,000	(158,000)	-
Aquatic Centre Feasibility Study	-	18,000	(15,000)	3,000	-	(3,000)	-
Major Events Grants	-	300,000	(300,000)	-	300,000	(300,000)	-
Minor Events	-	33,454	(33,454)	-	39,400	(39,400)	-
Kid Sport Grants	-	45,000	(38,622)	6,378	40,000	(46,378)	-
Manning Community Facility	-	1,000,000	(1,000,000)	-	200,000	(200,000)	-
James Miller Oval Upgrade	-	400,000	(400,000)	-	50,000	(50,000)	-
South Perth Tennis Club	-	792,727	(44,895)	747,832	-	(747,832)	-
Bicycle Network	-	1,457,831	(1,322,071)	135,760	5,000	(5,000)	-
Road Rehabilitation	-	-	-	-	1,707,921	(1,843,681)	-
Unconditional Grants & Contributions							
Unconditional Grants	-	457,264	(457,264)	-	934,283	(934,283)	-
Unconditional Grants	-	286,781	(286,781)	-	508,536	(508,536)	-
Minor Works Contributions	-	50,695	(50,695)	-	-	-	-
Total Grants & Contributions	\$156,973	\$4,905,752	(\$4,139,755)	\$922,970	\$4,073,364	(\$4,996,334)	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

4. OPERATING REVENUE & EXPENSES (Continued)

Fees & Charges Revenue by Program (Function)

Program Name	Budget	2017	2016
	\$	\$	\$
General Purpose Funding	323,000	383,009	350,576
Governance	-	-	-
Law, Order & Public Safety	100,250	134,877	116,147
Education & Welfare	-	-	-
Health	47,500	40,444	53,611
Housing	1,485,270	1,046,076	963,939
Community Amenities	7,080,011	6,636,985	6,918,136
Recreation & Culture	3,889,200	3,709,750	3,665,658
Transport	1,666,500	1,715,670	1,587,284
Economic Services	459,000	416,435	519,924
Other Property & Services	-	-	-
Total Fees & Charges Revenue	\$15,050,731	\$14,083,246	\$14,175,275

Interest Revenue

The City invests funds awaiting dispensation in short-term financial instruments. Interest is recognised when earned rather than when received.

Details	Budget	2017	2016
	\$	\$	\$
Interest Revenue - Municipal	700,000	520,498	610,780
Interest Revenue - Reserves	1,615,153	1,362,358	1,618,391
Interest Revenue - Rates	270,000	289,859	294,618
Total Interest Revenue	\$2,585,153	\$2,172,715	\$2,523,789

Interest Expense

	Budget	2017	2016
	\$	\$	\$
General Purpose Funding	445,115	450,697	329,739
Recreation & Culture	173,397	185,510	186,820
Total	\$618,512	\$636,207	\$516,559

Audit Expense

Details	Budget	2017	2016
	\$	\$	\$
Audit of Financial Report	40,000	37,880	31,080
Audit of Grant Acquittals	5,000	2,150	5,000
Total	\$45,000	\$40,030	\$36,080

Significant Expenditure Items

Details	Budget	2017	2016
	\$	\$	\$
Amortisation - Software	75,000	111,227	72,252
Impaired Debts Expense	65,000	39,410	38,820
Loss on Investments	-	45,693	58,164
Total	\$140,000	\$196,330	\$169,236

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

4. OPERATING REVENUE & EXPENSES (Continued)

Assets Attributed by Function / Program

Program Name	2017	2016
	\$	\$
General Purpose Funding	67,469,735	72,012,876
Governance	23,330,399	22,457,137
Law, Order & Public Safety	1,186,395	1,141,988
Education	3,885,846	3,740,398
Health	36,717	35,342
Welfare	4,913,450	4,729,539
Housing	28,264,630	27,206,679
Community Amenities	5,385,014	5,183,452
Recreation & Culture	271,406,379	277,155,030
Transport	289,487,570	278,656,285
Economic Services	229,946	241,842
Other Property & Services	79,864,076	77,038,227
Total	\$775,460,157	\$769,598,795

Depreciation by Asset Category

Details	2017	2016
	\$	\$
Artworks	8,127	6,665
Buildings	1,580,136	1,580,131
Technology Equipment	280,739	266,509
Furniture & Fittings	117,675	124,821
Mobile Plant	1,092,987	1,131,077
Plant & Equipment	111,984	111,323
Infrastructure - Roads	4,681,997	5,138,990
Infrastructure - Paths	1,119,148	1,067,823
Infrastructure - Drains	469,653	435,819
Infrastructure - Street Furniture	100,380	73,228
Infrastructure - Parks	1,308,523	1,184,889
Infrastructure - Foreshore Assets	-	-
Total Depreciation	\$10,871,349	\$11,121,275

Asset Disposals by Category

Details - Actual	Proceeds	Book Value	Profit (Loss)
	\$	\$	\$
Assets Held for Sale	2,000,000	(134,792)	1,865,208
Technology Equipment	-	-	-
Furniture	-	-	-
Mobile Plant	267,481	(167,196)	100,285
Plant & Equipment	-	-	-
Total	\$2,267,481	(\$301,988)	\$1,965,493

Asset Disposals by Category

Details - Budget	Proceeds	Book Value	Profit (Loss)
	\$	\$	\$
Assets Held for Sale;	2,000,000	(134,792)	1,865,208
Land	-	-	-
Plant & Equipment	228,670	(156,950)	71,720
Total	\$2,228,670	(\$291,742)	\$1,936,928

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

5. CASH & CASH EQUIVALENTS

Cash and Cash Equivalents include cash held in bank accounts, deposits held at call and term deposits with financial institutions.

At reporting date, Cash & Cash Equivalents were represented by:

Details	2017	2016
	\$	\$
Cash at Bank / On Hand	1,702,172	2,823,668
At Call / Term Deposits	59,912,898	63,782,992
Total Cash & Cash Equivalents	\$61,615,070	\$66,606,660

Restricted Cash

The following cash holding restrictions are imposed either by regulations or other externally imposed requirements. Restricted Cash represents the portion of the City's Net Current Asset position that must be excluded in the calculation of the Budget Opening Position. Amounts relating to cash backing for employee entitlements are not included from the calculation of the opening position.

Details	2017	2016
	\$	\$
Plant Replacement Reserve	595,299	578,817
Future Municipal Works Reserve	-	-
Collier Park Village Residents Offset Reserve	22,725,910	21,512,744
Collier Park Golf Course Reserve	206,477	486,605
Waste Management Reserve	3,867,816	3,797,715
Reticulation and Pump Reserve	353,575	344,070
Information Technology Reserve	1,041,667	1,014,458
Insurance Risk Reserve	448,506	436,147
Asset Enhancement (Major Community Facilities) Reserve	13,294,527	17,299,030
Footpath Reserve	-	-
Underground Power Reserve	109,440	106,582
Parking Facilities Reserve	413,036	401,665
Collier Park Village Reserve	1,898,101	1,505,025
River Wall Reserve	168,555	162,636
Railway Station Precincts Reserve	775,590	756,868
Future Building Projects Reserve	-	-
Future Transport Projects Reserve	-	-
Future Parks Works Reserve	-	-
Future Streetscapes Reserve	-	-
Sustainable Infrastructure Reserve	3,346,384	3,255,066
Public Art Reserve	155,493	101,952
Total Reserve Funds	49,400,376	51,759,380
Unexpended Grant Funds	-	992,970
Total Restricted Cash	\$49,400,376	\$ 52,752,350

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

5. CASH & CASH EQUIVALENTS (Continued)

Reconciliation of Cash & Cash Equivalents

Details	2017	2016
	\$	\$
Unrestricted Cash & Cash Equivalents	12,214,694	13,854,310
Restricted Cash & Cash Equivalents	49,400,376	52,752,350
Total Cash & Cash Equivalents	\$61,615,070	\$66,606,660

6. TRADE & OTHER RECEIVABLES - CURRENT

Details	2017	2016
	\$	\$
Rates Outstanding	660,349	322,470
Loans - Clubs and Institutions	291,796	275,256
Sundry Debtors	443,685	508,336
Infringement Debtors	475,909	348,732
GST Receivable from ATO	1,463,496	435,196
Pensioner Rebate Receivable	13,084	14,450
Underground Power Service Charge - Stage 3 & 5	16,859	27,883
ESL Debtors	68,899	54,428
	3,434,077	1,986,751
Less: Provision for Impairment of Debts	(182,047)	(142,637)
Total Current Trade and Other Receivables	\$3,252,030	\$1,844,114

7. INVENTORIES - MATERIALS

Details	2017	2016
	\$	\$
Materials and Fuel at Cost	8,418	12,399
Nursery Green Stock at Cost	100,633	117,369
Total Inventories - Materials	\$109,051	\$129,768

8. ASSETS HELD FOR SALE - CURRENT

	2017	2016
	\$	\$
Assets Held for Sale at Cost	-	134,792
Total Current Assets Held for Sale	-	\$134,792

9. OTHER CURRENT ASSETS

Details	2017	2016
	\$	\$
Prepayments	204,141	323,278
Accrued Income	692,197	293,673
Total Other Current Assets	\$896,338	\$616,951

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

10. TRADE & OTHER RECEIVABLES - NON-CURRENT

	2017	2016
Details	\$	\$
Commercial Lease Debtors	-	-
Rates Outstanding - Pension Deferrals	407,862	412,177
ESL Outstanding - Pension Deferrals	56,646	57,030
Loans - Clubs and Institutions	1,061,440	1,353,236
Total Current Trade and Other Receivables	\$1,525,948	\$1,822,443

11. ASSETS HELD FOR SALE - NON-CURRENT

	2017	2016
Details	\$	\$
Assets Held for Sale at Cost	-	766,464
Total Non-Current Assets Held for Sale	-	\$766,464

12. INVESTMENTS - NON-CURRENT

	2017	2016
Details	\$	\$
Equity Share in Joint Venture - Rivers Regional Council (11.91% share of Net Assets of \$ 214,833)	25,587	-
(12.80% share of Net Assets of \$ 530,335)	-	67,883
Investment in WALGA Local Govt House Trust (10 units)	154,761	158,158
Total Non-Current Investments	\$180,348	\$226,041

13. PROPERTY, PLANT & EQUIPMENT

Freehold land is recorded in the financial statements at independent valuation at 30 June 2017 based on observed open market transactions adjusted for highest and best use of the land - with the exception of assets held for sale (and specifically identified as such in the City's Long Term Financial Plan) which is disclosed at the lower of cost or net realisable value under Assets Held for Sale at Notes 8 & 11.

Buildings were independently valued and recorded at fair value as at 30 June 2017 including an allowance for the expired portion of each building's estimated useful life.

Plant and Equipment is recorded at fair value as at 30 June 2017 using a condition based assessment of each asset. Where this was impractical, the age of the asset relative to its expected useful life was used as a proxy to establish fair value.

Movements in each class of Property, Plant & Equipment are disclosed at Note 39.

Asset Category	2017	2016
	\$	\$
Freehold Land at Independent Valuation	270,160,000	277,102,500
Land under Control at Fair Value	3,000,000	3,000,000
Acquisitions since valuation at Cost	-	493,871
	273,160,000	280,596,371
Buildings at Independent Valuation	120,283,151	104,426,814
Acquisitions since valuation at Cost	-	-
Less Accumulated Depreciation	(27,190,058)	(20,441,302)
	93,093,093	83,985,512

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

13. PROPERTY, PLANT & EQUIPMENT (Continued)

Asset Category	2017	2016
	\$	\$
Artworks at Independent Valuation	413,223	304,022
Acquisitions since valuation at Cost	-	109,201
Less Accumulated Depreciation	(52,387)	(44,260)
	360,836	368,963
Technology Equipment at Management Valuation	1,808,092	1,808,092
Acquisitions since valuation at Cost	616,972	-
Less Accumulated Depreciation	(1,447,537)	(1,166,797)
	977,527	641,295
Furniture at Management Valuation	1,906,312	1,906,312
Acquisitions since valuation at Cost	500,413	-
Disposals since valuation at Cost	(135,412)	-
Less Accumulated Depreciation	(1,526,515)	(1,544,252)
	744,798	362,060
Mobile Plant at Management Valuation	8,341,106	8,341,106
Acquisitions since valuation at Cost	1,119,838	-
Disposals since valuation at Cost	(1,665,231)	-
Less Accumulated Depreciation	(4,893,201)	(5,298,248)
	2,902,512	3,042,858
Plant & Equipment at Management Valuation	2,542,243	2,542,243
Acquisitions since valuation at Cost	132,175	-
Less Accumulated Depreciation	(2,115,260)	(2,003,276)
	559,158	538,967
Capital Works in Progress - Buildings		
Manning Community Facility	-	14,234,092
EJ Oval Precinct Upgrade	2,824,848	396,011
Connect South	167,332	-
Transfer Station Redevelopment	178,634	-
	3,170,814	14,630,103
Capital Works in Progress - Technology		
Web Development	19,000	-
Software Purchases	32,563	-
Fibre Optic Cable	92,377	-
Online Booking Software Solution	15,900	-
	159,840	-
Total Property, Plant & Equipment	\$375,128,578	\$384,166,128

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

14. INFRASTRUCTURE

Roads, Drains, Paths & Park Infrastructure are valued by City Officers using approved valuation techniques to establish the current replacement value having regard to the condition, age and remaining useful lives of the assets. The valuation was last updated at 30 June 2017.

Movements in classes of Infrastructure during the reporting period are disclosed at Note 40. Information relating to the fair value methodology and the levels of valuation inputs for infrastructure assets is provided at Note 41.

Asset Category	2017 \$	2016 \$
Infrastructure - Roads at Management Valuation	276,379,098	269,924,748
Less Accumulated Depreciation	(76,805,208)	(93,142,181)
	199,573,890	176,782,567
Infrastructure - Drainage at Management Valuation	44,991,749	43,132,748
Less Accumulated Depreciation	(24,908,850)	(23,675,710)
	20,082,899	19,457,038
Infrastructure - Paths at Management Valuation	57,344,640	54,509,789
Less Accumulated Depreciation	(18,743,679)	(18,766,694)
	38,600,961	35,743,095
Infrastructure - Street Furniture at Management Valuation	2,820,698	2,319,037
Less Accumulated Depreciation	(1,230,805)	(1,329,479)
	1,589,893	989,558
Infrastructure - Park Assets at Management Valuation	75,491,909	83,759,757
Less Accumulated Depreciation	(8,946,758)	(9,364,593)
	66,545,151	74,395,164
Infrastructure - Foreshore Assets at Management Valuation	3,884,930	3,744,001
Less Accumulated Depreciation	-	-
	3,884,930	3,744,001
Capital Work In Progress		
Capital Work in Progress - Roads Infrastructure	181,755	-
Capital Work in Progress - Park Infrastructure	1,273,424	1,277,344
Capital Work in Progress - Drainage Infrastructure	41,619	-
	1,496,798	1,277,344
Total Infrastructure	\$331,774,522	\$312,388,767

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

15. INTANGIBLES

Details	2017 \$	2016 \$
Computer Software	1,274,293	1,081,460
Less Accumulated Amortisation	(296,021)	(184,793)
Total Intangibles	\$978,272	\$896,667
Movement in Carrying Amount - Intangibles		
Balance at 1 July	896,667	627,761
Additions	192,832	341,158
Amortisation	(111,227)	(72,252)
Balance at 30 June	\$978,272	\$896,667

16. TRADE & OTHER PAYABLES - CURRENT

Details	2017 \$	2016 \$
Accounts Payable	4,968,736	3,438,121
Income in Advance	743,622	53,589
Accrued Wages	652,676	452,005
Accrued Interest Expense	24,317	25,952
Total Current Trade and Other Payables	\$6,389,351	\$3,969,667

17. BORROWINGS - CURRENT

Details	2017 \$	2016 \$
Loans - City	899,474	839,692
Loans - Collier Park Golf Course	291,518	277,412
Loans - Self Supporting	291,796	275,256
Total Current Borrowings	\$1,482,788	\$1,392,360

The City uses loan borrowings as part of a responsibly balanced funding strategy to support the construction of long term assets or major infrastructure works.

All City borrowings relate to the General Purpose Funding program and were undertaken in accordance with Section 6.20 of the Local Government Act and City Policy P604 - Use of Debt as a Funding Option. Loans are secured over the future rate revenue of the City. There are no encumbrances on specific assets in relation to any of the loan borrowings. Details of all loan borrowings are disclosed in the Schedule of Loan Borrowings at Note 38.

The financial statements also reflect self-supporting loans to community groups. The City's role in respect of these loans is that of guarantor only. All payments are met by the relevant community group and there is no impost on City funds for repayment of the self-supporting loans. A receivable amount equivalent to the outstanding balance on the loan is recognised in the Statement of Financial Position.

During the reporting period, no new City borrowings were undertaken.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

18. PROVISIONS – CURRENT

Details	2017	2016
	\$	\$
Annual Leave	2,346,144	2,287,452
Long Service Leave	2,055,871	1,482,513
Total Current Provisions	\$4,402,015	\$3,769,965

19. LEASEHOLDER LIABILITY – CURRENT

Details	2017	2016
	\$	\$
Leaseholder Liability - Collier Park Village	30,563,600	29,940,576
Total Current Leaseholder Liability	\$30,563,600	\$29,940,576

The Collier Park Village Residents Offset Reserve partially cash-backs the CPV leaseholder liability. The extent of this cash backing is \$22,725,910 (\$21,512,745 in 2015/2016).

20. BORROWINGS - NON-CURRENT

Details	2017	2016
	\$	\$
Loans – City	6,098,860	6,998,335
Loans - Collier Park Golf Course	3,045,948	3,337,466
Loans - Self Supporting	1,061,440	1,353,235
Total Non-Current Borrowings	\$10,206,248	\$11,689,036

21. PROVISIONS – NON-CURRENT

Details	2017	2016
	\$	\$
Long Service Leave	332,490	406,185
Total Non-Current Provisions	\$332,490	\$406,185

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

22. RESERVE FUNDS - PURPOSE OF RESERVES

Plant Replacement Reserve

This reserve is used to fund the balance of the purchase price of plant and equipment associated with City works (after trade-in, discounts and allowances).

Future Municipal Works Reserve

Initially established to accumulate funds for future discretionary municipal works, the reserve is no longer active and the balance of the reserve was transferred to the Major Community Facilities Reserve as part of the 2015/2016 Budget process.

Collier Park Village Residents Offset Reserve

This reserve was established to partially cash back the loan liability due to residents on departing the village complex. The reserve is funded by the premium on the difference between the sale price of the units in the village to the ingoing resident and the amount of the refund to the departing resident. Funds in the reserve are maintained at an appropriate level to ensure that the draw of funds by departing residents in any given year is fully cash backed and available on demand.

Collier Park Golf Course Reserve

This reserve was established to quarantine funds relating to the Collier Park Golf Course, to purchase plant & equipment, reticulation equipment and to repay debt (if any) associated with the Golf Course. The reserve is funded by an amount equal to a specified percentage of the annual operating surplus excluding depreciation with the remainder returned to the City's Municipal Fund as a dividend in accordance with Council Policy P608.

Waste Management Reserve

This reserve was established to provide for investment in new waste management initiatives and is funded by an annual allocation equal to the operating surplus (deficit) from the waste operations.

Reticulation & Pump Replacement Reserve

This reserve was established to provide funds for the replacement of reticulation and pumps at various parks and gardens. As part of the 2015/2016 Budget process, the balances of the Future Park Works and Future Streetscapes Reserves were consolidated into this reserve.

Information Technology Reserve

This reserve was established to finance the acquisition and enhancement of technology and digital service delivery initiatives. The municipal fund provides ongoing appropriations as and when needed.

Insurance Risk Reserve

This reserve is set up to manage the 'burning cost' workers compensation premium. It meets the difference between the deposit premium and adjusted premium in the event of a significant claim.

Major Community Facilities Reserve - formerly Asset Enhancement Reserve

This reserve was established to accumulate funds including those from major strategic land sales for significant discretionary community facility projects in future years; alleviating the impacts of inter-generational equity in funding major facilities.

Path Reserve

This reserve was established to quarantine funding for path construction and replacement. The reserve was consolidated into the Sustainable Infrastructure Reserve as part of the 2015/2016 Budget process.

Underground Power Reserve

This reserve was established to accumulate funding to support the City's contribution to the under-grounding of existing overhead electrical cables within specified precincts in the city.

Parking Facilities Reserve

This reserve is used to quarantine funds contributed by developers in lieu of providing parking facilities. Funds are used to provide parking within the district in the vicinity of these developments as opportunities arise in the future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

22. RESERVE FUNDS - PURPOSE OF RESERVES (Continued)

Collier Park Village Reserve

This reserve accumulates the lease premium and refurbishment levy paid by ingoing residents of the retirement village as well as the operating result (adjusted for depreciation) for the Village each year. Capital purchases and refurbishment costs associated with this complex are funded from this reserve. In the event of an operating shortfall, the reserve is expected to subsidise the difference so that the facility's operations do not impose a financial burden upon the City's ratepayers.

River Wall Reserve

This reserve was established to quarantine monies to be used to attract matching funding from state government with a view towards sharing financial responsibility for maintaining the river walls.

Railway Station Precincts Reserve

This reserve was established to quarantine monies to be used to provide streetscapes and infrastructure around (future) railway stations constructed as part of the Perth to Mandurah railway.

Future Building Works Reserve

This reserve was initially established to quarantine monies to be used to support funding models for future major upgrades of City and Civic buildings to spread the burden of major community building infrastructure more equitably over the years. This reserve was consolidated into the Major Community Facilities Reserve as part of the 2015/2016 Budget process.

Future Transport Works Reserve

This reserve was established to quarantine monies to be used to provide future road projects or to hold previously allocated monies for projects that are unable to be completed within the current year due to contractor or material shortages. This reserve was consolidated into the Sustainable Infrastructure Reserve as part of the 2015/2016 Budget process.

Future Streetscape Works Reserve

Initially established to fund future streetscape projects, this reserve was consolidated into the Reticulation & Pump Replacement Reserve as part of the 2015/2016 Budget process.

Future Parks Works Reserve

Initially established to provide funding for future major park development works, this reserve will be consolidated into the Pump Replacement Reserve as part of the 2015/2016 Budget process.

Sustainable Infrastructure Reserve

This reserve was created to support the financially sustainable management of our community infrastructure including roads, paths, drainage, river walls and parks. The Future Transport & Path Reserves were consolidated into this reserve as part of the 2015/2016 budget process.

Public Art Reserve

This reserve was created to quarantine contributions obtained under the Public Art (Percent for Art) policy and to support the creation of public art pieces within City precincts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

22. RESERVE FUNDS (Continued)

Reserve Fund Movements

All active reserves may have funds applied to projects or may be reimbursed from the Municipal Fund as determined by Council during the budget process.

The City's Long Term Financial Plan details funding plans for all major discretionary capital projects. These specified funding plans incorporate funding from sources including grants, land sale proceeds, municipal funds and cash backed reserves created specifically to support those projects. In particular, the Major Community Facilities Reserve, Sustainable Infrastructure Reserve, River Wall Reserve and Railway Station Precinct Reserves are relevant to these funding models.

Any change in the purpose of reserve funds is made in accordance with the Local Government Act and Local Government Financial Management Regulations.

RESERVE FUNDS Details	Budget \$	2017 \$	2016 \$
Plant Replacement Reserve			
Balance at 1 July	578,817	578,817	206,828
Transfers from Surplus	15,794	16,482	371,989
Transfers to Surplus	-	-	-
Balance at 30 June	594,611	595,299	578,817
Future Municipal Works Reserve			
Balance at 1 July	-	-	361,283
Transfers from Surplus	-	-	-
Transfers to Surplus	-	-	(361,283)
Balance at 30 June	-	-	-
Collier Park Village Residents Offset Reserve			
Balance at 1 July	21,512,744	21,512,745	20,907,740
Transfers from Surplus	3,947,709	3,835,141	3,775,576
Transfers to Surplus	(2,250,000)	(2,621,976)	(3,170,571)
Balance at 30 June	23,210,453	22,725,910	21,512,745
Collier Park Golf Course Reserve			
Balance at 1 July	486,605	486,605	428,875
Transfers from Surplus	650,134	284,468	787,381
Transfers to Surplus	(819,107)	(564,596)	(729,651)
Balance at 30 June	317,632	206,477	486,605
Waste Management Reserve			
Balance at 1 July	3,797,715	3,797,715	3,429,075
Transfers from Surplus	254,626	102,817	517,146
Transfers to Surplus	(305,000)	(32,716)	(148,505)
Balance at 30 June	3,747,341	3,867,816	3,797,715

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

22. RESERVE FUNDS (Continued)

Details	Budget \$	2017 \$	2016 \$
Reticulation & Pump Reserve			
Balance at 1 July	344,070	344,070	231,350
Transfers from Surplus	9,398	9,505	112,720
Transfers to Surplus	-	-	-
Balance at 30 June	353,468	353,575	344,070
Information Technology Reserve			
Balance at 1 July	1,014,458	1,014,457	984,584
Transfers from Surplus	19,422	27,210	29,873
Transfers to Surplus	(500,000)	-	-
Balance at 30 June	533,880	1,041,667	1,014,457
Insurance Risk Reserve			
Balance at 1 July	436,147	436,147	178,476
Transfers from Surplus	11,905	12,359	257,671
Transfers to Surplus	-	-	-
Balance at 30 June	448,052	448,506	436,147
Major Community Facilities Reserve			
Balance at 1 July	17,299,030	17,299,030	24,697,052
Transfers from Surplus	340,371	424,335	4,216,978
Transfers to Surplus	(11,750,000)	(4,428,838)	(11,615,000)
Balance at 30 June	5,889,401	13,294,527	17,299,030
Path Reserve			
Balance at 1 July	-	-	6,958
Transfers from Surplus	-	-	-
Transfers to Surplus	-	-	(6,958)
Balance at 30 June	-	-	-
Underground Power Reserve			
Balance at 1 July	106,582	106,581	103,669
Transfers from Surplus	2,907	2,859	2,912
Transfers to Surplus	-	-	-
Balance at 30 June	109,489	109,440	106,581
Parking Facilities Reserve			
Balance at 1 July	401,665	401,665	168,148
Transfers from Surplus	10,964	11,371	257,317
Transfers to Surplus	-	-	(23,800)
Balance at 30 June	412,629	413,036	401,665

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

22. RESERVE FUNDS (Continued)

Details	Budget \$	2017 \$	2016 \$
Collier Park Village Reserve			
Balance at 1 July	1,505,025	1,505,025	1,484,043
Transfers from Surplus	480,742	667,529	629,251
Transfers to Surplus	(643,162)	(274,453)	(608,269)
Balance at 30 June	1,342,605	1,898,101	1,505,025
River Wall Reserve			
Balance at 1 July	162,636	164,191	164,191
Transfers from Surplus	4,437	4,364	-
Transfers to Surplus	-	-	-
Balance at 30 June	167,073	168,555	164,191
Railway Station Precincts Reserve			
Balance at 1 July	756,868	755,314	736,187
Transfers from Surplus	20,646	20,276	19,127
Transfers to Surplus	-	-	-
Balance at 30 June	777,514	775,590	755,314
Future Building Works Reserve			
Balance at 1 July	-	-	2,950,623
Transfers from Surplus	-	-	-
Transfers to Surplus	-	-	(2,950,623)
Balance at 30 June	-	-	-
Future Transport Works Reserve			
Balance at 1 July	-	-	513,518
Transfers from Surplus	-	-	-
Transfers to Surplus	-	-	(513,518)
Balance at 30 June	-	-	-
Future Streetscapes Works			
Balance at 1 July	-	-	100,078
Transfers from Surplus	-	-	-
Transfers to Surplus	-	-	(100,078)
Balance at 30 June	-	-	-
Future Parks Works Reserve			
Balance at 1 July	-	-	5,158
Transfers from Surplus	-	-	-
Transfers to Surplus	-	-	(5,158)
Balance at 30 June	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

22. RESERVE FUNDS (Continued)

Details	Budget \$	2017 \$	2016 \$
Sustainable Infrastructure Reserve			
Balance at 1 July	3,255,066	3,255,066	1,671,205
Transfers from Surplus	82,102	91,318	1,583,861
Transfers to Surplus	-	-	-
Balance at 30 June	3,337,168	3,346,384	3,255,066
Public Art Reserve			
Balance at 1 July	101,952	101,952	-
Transfers from Surplus	53,480	53,541	151,952
Transfers to Surplus	-	-	(50,000)
Balance at 30 June	155,432	155,493	101,952
Total Cash Backed Reserves	\$41,396,748	\$49,400,376	\$51,759,380
Summary of Cash Backed Reserves			
Details	Budget \$	2017 \$	2016 \$
Balance at 1 July	51,759,380	51,759,380	59,329,041
Transfers from Surplus	5,904,637	5,563,575	12,713,753
Transfers to Surplus	(16,267,269)	(7,922,579)	(20,283,414)
Balance at 30 June	\$41,396,748	\$49,400,376	\$51,759,380

23. REVALUATION SURPLUS

Revaluation surpluses have arisen on revaluation of the following classes of Non-Current Assets:

Details	2017 \$	2016 \$
Land		
Balance at 1 July	224,022,500	223,502,500
Current Year Revaluation (Decrement) / Increment	(7,436,371)	520,000
Reversal of Asset Previously Classified as Held for Sale	(670,000)	-
Balance at 30 June	\$215,916,129	\$224,022,500
Buildings		
Balance at 1 July	51,255,024	48,807,612
Current Year Revaluation (Decrement) / Increment	(8,192,608)	2,447,412
Reversal of Asset Previously Classified as Held for Sale	(96,464)	-
Balance at 30 June	\$42,965,952	\$51,255,024
Artworks		
Balance at 1 July	161,437	161,437
Current Year Revaluation Increment	-	-
Previously Re-valued Asset Decrement	-	-
Balance at 30 June	\$161,437	\$161,437

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

23. REVALUATION SURPLUS (Continued)

Details	2017 \$	2016 \$
Technology Equipment		
Balance at 1 July	-	-
Current Year Revaluation Increment	-	-
Previously Re-valued Asset Decrement	-	-
Balance at 30 June	-	-
Furniture & Fittings		
Balance at 1 July	30,000	-
Current Year Revaluation Increment	-	30,000
Previously Re-valued Asset Decrement	-	-
Balance at 30 June	\$30,000	\$30,000
Mobile Plant		
Balance at 1 July	274,432	274,432
Current Year Revaluation Increment	-	-
Previously Re-valued Asset Decrement	-	-
Balance at 30 June	\$274,432	\$274,432
Plant & Equipment		
Balance at 1 July	-	-
Current Year Revaluation Increment	-	-
Previously Re-valued Asset Decrement	-	-
Balance at 30 June	-	-
Roads Infrastructure		
Balance at 1 July	174,401,846	110,582,461
Current Year Revaluation Increment	24,039,817	63,819,385
Previously Re-valued Asset Decrement	-	-
Balance at 30 June	\$198,441,663	\$174,401,846
Paths Infrastructure		
Balance at 1 July	26,536,337	25,278,467
Current Year Revaluation Increment	3,133,196	1,257,870
Previously Re-valued Asset Decrement	-	-
Balance at 30 June	\$29,669,533	\$26,536,337
Drainage Infrastructure		
Balance at 1 July	8,387,209	8,443,570
Current Year Revaluation Increment	524,491	-
Previously Re-valued Asset Decrement	-	(56,361)
Balance at 30 June	\$8,911,700	\$8,387,209

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

23. REVALUATION SURPLUS (CONTINUED)

Details	2017 \$	2016 \$
Street Furniture		
Balance at 1 July	168,582	-
Current Year Revaluation Increment	496,971	168,582
Previously Re-valued Asset Decrement	-	-
Balance at 30 June	\$665,553	\$168,582
Parks Infrastructure		
Balance at 1 July	58,550,081	57,412,335
Current Year Revaluation Increment / (Decrement)	(9,573,626)	1,137,746
Previously Re-valued Asset Decrement	-	-
Balance at 30 June	\$48,976,455	\$58,550,081
Foreshore Assets		
Balance at 1 July	-	-
Current Year Revaluation Increment	-	-
Previously Re-valued Asset Decrement	-	-
Balance at 30 June	-	-
Total Revaluation Surplus	\$546,012,854	\$543,787,448
Summary of Revaluation Surplus		
Details	2017 \$	2016 \$
Balance at 1 July	543,787,448	474,462,814
Revaluation Increments	28,194,475	69,380,995
Revaluation Decrements	(25,969,069)	(56,361)
Adjustment to Prior Year Revaluation	-	-
Adjustment to Revaluation on Disposed Buildings	-	-
Balance at 30 June	\$546,012,854	\$543,787,448

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

24. TRUST FUNDS

Trust transactions are required to be treated as non-controlled transactions. That is, all transactions relating to movements in trust liabilities and related trust deposits are eliminated prior to preparing the financial statements. For accountability purposes, the annual movements and balances of each category of Trust Fund are recorded below.

Details	2017 \$	2016 \$
Footpath Deposits	873,900	857,700
Hall Bonds	32,524	4,250
Lessee Bonds	32,260	21,945
Sundry Trusts	229,029	35,731
Total Trust Liabilities	\$1,167,713	\$919,626

Details	2017 \$	2016 \$
Cash at Bank	392,713	144,626
Investments	775,000	775,000
Total Trust Assets	\$1,167,713	\$919,626

Movement in Trust Funds	2017 \$	2016 \$
Footpath Deposits		
Opening Balance	857,700	540,200
Deposits	610,463	809,800
Refunds	(571,450)	(459,936)
Retentions	(22,813)	(32,364)
Closing Balance	\$873,900	\$857,700

Hall Bonds		
Opening Balance	4,250	5,932
Deposits	38,554	7,265
Refunds	(10,280)	(8,947)
Retentions	-	-
Closing Balance	\$32,524	\$4,250

Lessee Bonds		
Opening Balance	21,945	16,215
Deposits	10,315	5,730
Refunds	-	-
Retentions	-	-
Closing Balance	\$32,260	\$21,945

Sundry Trusts Deposits		
Opening Balance	35,731	38,853
Deposits	270,488	12,096
Refunds	(69,865)	(15,218)
Retentions	(7,325)	-
Closing Balance	\$229,029	\$35,731

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

25. EMPLOYEE NUMBERS

Detailed below is the approved Full Time Equivalent (FTE) staff headcount involved in delivering local government services to the South Perth community.

Details	2017	2016
Number of FTE Employees at Reporting Date	205.7	220.9

26. COUNCIL MEMBERS' ENTITLEMENTS

For the year ended 30 June 2017, meeting attendance fees, local government allowances and communications and technology allowances within the permissible limits have been paid to the City's Council Members as provided for under the Local Government Act. Fees and allowances are paid quarterly 'in advance'. Detailed below are direct costs associated with Elected Members.

Details	Budget	2017	2016
	\$	\$	\$
Meeting Attendance Fees	220,000	226,650	211,480
Local Government Allowances	80,000	77,250	77,250
Technology Allowances	42,052	54,601	43,478
Legal Expenses	-	-	-
Insurances	28,500	33,709	27,911
Training & Conferences	50,000	3,334	11,202
Election Expenses	-	-	81,088
Subscriptions	50,000	47,226	47,945
Other Expenses	32,000	15,599	36,690
Depreciation	67,500	84,774	52,593
Total Entitlements	\$570,052	\$543,143	\$589,637

27. OPERATING LEASES

The City does not have outstanding obligations under non-cancellable operating leases at reporting date, other than the operating lease for rental of photocopier / printer units with Xerox Australia.

At reporting date, the City has the following obligations under non-cancellable operating leases for equipment used in administrative functions. These obligations are currently not recognised in the Statement of Financial Position as liabilities.

Details	2017	2016
	\$	\$
Not later than 1 Year	70,987	70,987
Later than 1 Year and not later than 5 Years	212,961	283,948
Later than 5 Years	-	-
Total Operating Lease Obligations	\$283,948	\$354,935

28. CONTINGENT LIABILITIES

The City has no contingent liabilities as at reporting date.

29. TRADING UNDERTAKINGS & MAJOR LAND TRANSACTIONS

During the reporting period, the City did not engage in any trading undertakings or major land transactions as defined in Local Government Financial Management Regulation 45.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

30. CAPITAL COMMITMENTS

The City has contracted for items of capital expenditure that were not recognised as liabilities in the Statement of Financial Position at reporting date but are detailed as capital commitments because they are the subject of an irrevocable commitment for the goods or services as at reporting date.

Details	2017	2016
	\$	\$
Manning Community Hub Facility - Tender 2/2015	-	2,549,299
Millers Pool Precinct Upgrade - Tender 11/2016	-	2,023,497
South Perth Tennis Club Upgrade - Tender 6/2016	-	775,749
Ernest Johnson Oval Upgrade - Tender 25/2016	3,567,459	-
Total Capital Commitments	\$3,567,459	\$5,348,545

31. OPENING / CLOSING POSITION

Details	Budget	2017	2016
	\$	\$	\$
Current Assets			
Cash & Cash Equivalents	47,033,470	61,615,070	66,606,660
Trade & Other Receivables			
Rates	422,470	660,348	322,470
Sundry Debtors	264,429	443,786	508,336
Infringement Debtors	386,792	475,695	348,732
GST Debtors	436,896	1,463,496	435,196
Pension Rebate Receivable	20,579	13,084	14,450
UGP Debtors	6,043	16,859	27,883
ESL Debtors	59,428	69,015	54,428
Self-Supporting Loan Debtors	291,796	291,795	275,256
Provision for Doubtful Debts	(153,817)	(182,047)	(142,637)
Inventories - Materials	119,769	109,051	129,768
Inventories - Land Held for Resale	-	-	134,792
Accrued Interest Revenue	373,673	692,197	293,673
Prepayments	344,719	204,141	323,279
Sub Total	49,606,246	65,872,490	69,332,286
Exclude:			
Inventories - Land Held for Resale	-	-	(134,792)
Self-Supporting Loan Debtors	(291,796)	(291,795)	(275,256)
Adjusted Current Assets	49,314,450	65,580,695	68,922,238

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

31. OPENING / CLOSING POSITION (Continued)

Details	Budget	2017	2016
	\$	\$	\$
Current Liabilities			
Trade & Other Payables			
Accounts Payable	(2,368,097)	(4,968,736)	(3,438,120)
Income in Advance	(48,589)	(743,622)	(53,589)
Accrued Wages	(518,437)	(652,676)	(452,005)
Accrued Interest Expense	(17,983)	(24,317)	(25,952)
Leaseholder Liability	(2,196,823)	(30,563,600)	(29,940,576)
Interest Bearing Liabilities	(1,532,434)	(1,482,788)	(1,392,360)
Employee Provisions - Annual Leave	(2,352,159)	(2,346,144)	(2,287,452)
Employee Provisions - Long Service Leave	(1,862,248)	(2,055,871)	(1,482,513)
Sub Total	(10,896,769)	(42,837,754)	(39,072,568)
Exclude:			
Interest Bearing Liabilities	1,532,434	1,482,788	1,392,360
Liabilities Associated with Restricted Assets	2,196,823	30,563,600	29,940,576
Adjusted Current Liabilities	(7,167,512)	(10,791,366)	(7,739,632)
(Adjusted) Net Current Assets	42,146,938	54,789,329	61,182,606
Less			
Restricted Assets - Cash Reserves	(41,486,748)	(49,400,376)	(51,759,380)
SURPLUS (DEFICIT)	\$660,191	\$5,388,953	\$9,423,226

Net current (unrestricted) assets carried forward at 1 July 2016 as disclosed for the purpose of the budget were \$1,275,886. This amount differs from the net current (unrestricted) assets (calculated in accordance with Department of Local Government Guideline No 8) shown in the audited financial statements for the year ended 30 June 2017 of \$660,191.

Net current assets for the purposes of preparing the Annual Budget is calculated as the projected difference between current assets (adjusted by the exclusion of "restricted" assets - money set aside exclusively to cash back Reserves) and current liabilities as disclosed on the budgeted balance sheet (adjusted by the exclusion of current loan liabilities).

The difference arose as a consequence of the use of 'estimated' account balances to facilitate the early adoption of the Annual Budget on 12 July 2016. This has no detrimental effect on operations during the year. The practice of deriving the budget position using projected balances allows Council to adopt its Annual Budget in early July and levy its rates promptly, thereby avoiding the need to arrange short term cash accommodation with its bankers to fund Council's operations during July and August.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

32. RATING INFORMATION

Rate in the Dollar

A rate of 6.5400 cents in the dollar (6.3098 cents in 2016) was applied to the Gross Rental Value (GRV) of all rateable properties in the municipality excepting for those subject to the approved minimum rate. This rate was applied to both residential and commercial property within the district.

Minimum Rate

A \$940.00 Minimum Rate was applied (\$910.00 in 2016). This rate was determined to reflect the basic cost incurred in servicing lots within the district for the 2016/2017 rating year. Some 11.3% of rateable properties attracted this minimum rate - well under the allowable threshold of 50%.

Instalment Options

In accordance with the statutory provisions the City offers ratepayers a choice of payment of rates by either one, two or four instalments. To offset the cost of offering the instalment payment option, the City charges a \$10.00 administration fee on the second, third and fourth instalments plus interest at the prescribed rate of 5.5% per annum on instalment payments. This fee supports the cost of administering debts, issuing instalment reminder notices and processing payments received.

Penalty Interest

An interest charge of 11% was applied to all rates outstanding beyond the due date for the rates notice (excluding pensioner deferrals) as provided in the Local Government Act (1995). The rate of interest on outstanding rates is consistent with the penalty interest rate gazetted by the state government and applied to outstanding balances for the Emergency Services Levy.

Revenue from Rates Admin Fees & Interest

Details	Budget	2017	2016
	\$	\$	\$
Administration Fee - Instalments	150,000	152,907	150,214
Pre Interest on Rates Instalments	170,000	154,320	172,192
Interest on Overdue Rates	100,000	103,982	122,426
Total Charges and Interest	\$420,000	\$411,209	\$444,832

Concessions

In accordance with the provisions of the Pensioner Rates Rebates and Deferrals Act, concessions were offered to eligible pensioners and seniors to allow them to either defer their rates or receive a percentage rebate of their rates provided they registered within the specified period and paid the balance of the rates within the year in which they were assessed. Eligibility for a concession is determined by meeting the requirements specified in the Pensioner Rates (Rebates & Deferrals) Act.

Incentive Scheme

The incentive scheme to encourage the early payment of rates did not operate in the 2016/2017 rating year.

Emergency Services Levy

During the 2016/2017 year the City was required to perform the role of third party collection agent for the Emergency Services Levy (ESL) for properties within the district. The ESL is a state government levy used to fund the operations of the career and volunteer fire brigades. For the 2016/2017 year, the City used the method of progressively remitting nominated portions of the total ESL levies to the Fire & Emergency Services Levy irrespective of whether they have been collected or not at 30 June 2017. Accordingly, the uncollected ESL funds at year end are now included in the City's Statement of Financial Position as a debt owing to the City.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

33. SCHEDULE OF RATES LEVIED

ACTUAL						
Particulars	Rateable Value (\$)	Rate in \$ Cents	Rate Yield (\$)	Min No.	Min Yield (\$)	Total Yield (\$)
General - GRV						
Residential	464,374,011	6.5400	28,686,729	2,207	2,074,580	30,761,309
Commercial	55,343,365	6.5400	3,578,534	51	47,940	3,626,474
Interim Rates	3,344,388	6.5400	218,723	-	-	218,723
TOTAL	523,061,764		32,483,986	2,258	2,122,520	34,606,506

ANNUAL ADOPTED BUDGET

Particulars	Rateable Value (\$)	Rate in \$ Cents	Rate Yield (\$)	Min No.	Min Yield (\$)	Total Yield (\$)
General - GRV						
Residential	463,729,755	6.5400	28,472,375	2,203	2,070,820	30,543,195
Commercial	55,418,605	6.5400	3,583,455	51	47,940	3,631,395
Interim Rates	-	6.5400	100,000	-	-	100,000
TOTAL	519,148,360		32,155,830	2,254	2,118,760	34,274,590

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

34. GENERAL PURPOSE FUNDING

Details	Budget \$	2017 \$	2016 \$
General Rate			
GRV - 17,674 Assessments	32,055,830	32,265,263	
Rate in \$ of 6.5400 cents			
GRV - 17,732 Assessments			30,622,116
Rate in \$ of 6.3098 cents			
Minimum Rate			
GRV - 2,258 Assessments at \$ 940.00	2,118,760	2,122,520	
GRV - 2,293 Assessments at \$ 910.00			2,086,630
Interim Rates			
GRV - Rate in \$ of 6.5400 cents	100,000	218,723	
GRV - Rate in \$ of 6.3098 cents			195,186
Sub Total	34,274,590	34,606,506	31,293,887
Plus - Late Payment Penalties / Interest	270,000	258,303	294,618
Plus - Admin & Legal Fees Recouped	200,000	232,602	225,856
Less - Rates Written-Off	(12,500)	(15,080)	(9,863)
Total Amount from Rates	34,732,090	35,082,331	33,414,542
Grant Revenue			
General (Untied) Grant	924,781	922,314	444,788
Sub Total	924,781	922,314	444,788
Other General Purpose Income			
Pensioner's Deferred Rates Interest	18,000	11,968	12,476
Interest Revenue (Including Reserves)	2,284,411	1,860,325	2,187,725
UGP Financing Interest	-	-	-
ESL Transaction Processing Fee	38,000	38,980	39,470
ESL Interest Revenue	15,000	16,157	-
Change in Equity - Local Govt House Trust	-	-	-
Other General Purpose Revenue	598,660	611,017	610,489
Sub Total	2,954,071	2,538,447	2,850,160
Total General Purpose Revenue	\$38,610,942	\$38,543,092	\$36,709,490
Expenses			
Rates Collection / Valuation Expenses	(414,704)	(668,704)	(344,711)
Interest Expense - Loans	(445,115)	(455,032)	(329,739)
Financing Expense	(25,000)	(8,413)	(13,110)
Change in Equity - Joint Venture	-	(45,693)	(58,164)
Allocated Outwards	47,359	103,860	39,004
Total General Purpose Expenses	(\$837,460)	(\$1,073,982)	(\$706,720)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

35. NOTES TO THE STATEMENT OF CASHFLOWS

RECONCILIATION TO THE STATEMENT OF CASH FLOWS

For the purpose of preparing the Statement of Cash Flows, the City considers cash and cash equivalents to include cash on hand, in banks and invested in money market instruments. Cash at the end of the reporting period as shown on the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Details	2017	2016
	\$	\$
Cash on Hand	4,050	3,385
Cash at Bank	1,698,122	2,820,283
Cash Equivalents	59,912,898	63,782,992
Total Cash & Cash Equivalents	\$61,615,070	\$66,606,660

RECONCILIATION - NET CASH USED IN OPERATIONS TO OPERATING RESULT

Details	2017	2016
	\$	\$
Net Operating Result	1,427,254	4,876,889
Add (Less) Non Cash Items		
Depreciation	10,871,349	11,121,276
Amortisation	111,227	72,252
Profit on Sale of Assets	(1,965,493)	(3,328,820)
Change in Equity - Investments	45,693	58,164
Revaluation Decrement of Initial Recognition St. Furniture	-	-
Non Operating Items		
Grants for the Construction of Assets	(2,251,147)	(3,714,558)
Changes in Assets & Liabilities during Year		
(Increase) / Decrease in Current Receivables	(1,391,375)	1,132,866
(Increase) / Decrease in Inventory	20,716	(23,530)
(Increase) / Decrease in Prepayments	119,138	4,094
(Increase) / Decrease in Accrued Income	(398,524)	197,141
Increase / (Decrease) in Current Payables	1,528,980	(1,027,293)
Increase / (Decrease) in Income in Advance	690,032	(47,358)
Increase / (Decrease) in Accrued Expenses	200,670	127,763
Increase / (Decrease) in Current Provisions	632,050	(241,869)
(Increase) / Decrease in Non-Current Receivables	4,699	(5,725)
Increase / (Decrease) in Non-Current Provisions	(73,695)	121,536
Net Cash Provided by Operations	\$9,571,574	\$9,322,828
LOAN FACILITIES		
Self Supporting Loans	1,353,235	1,628,491
Golf Course Loans	3,337,466	3,614,878
City Loans	6,998,335	7,838,028
Net Loan Liability	\$11,689,036	\$13,081,397

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

36. CREDIT STANDBY ARRANGEMENTS

An Overdraft facility exists with the Commonwealth Banking Corporation for the daily operational requirements of the City. This facility has no specific dollar value limit but is guaranteed and monitored by the level of short term deposits held with the bank. Any overdraft shown in the Statement of Financial Position exists only as a consequence of timing differences in unpresented cheques and does not represent a draw-down of funds from a facility provided by the City's bankers. The City has access to a corporate credit card facility to a potential funding limit of \$40,000 (2016: \$40,000). Any outstanding balances are settled monthly.

37. FINANCIAL RISK MANAGEMENT

The City's activities may expose it to financial risks including price risk, credit risk, liquidity risk and interest rate risk. The overall risk management strategy focuses on the unpredictability of financial markets - seeking to minimise potential adverse effects on the City's financial performance. There is no exposure to foreign currency risk as the City does not engage in foreign currency transactions.

The City held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2017	2016	2017	2016
	\$	\$	\$	\$
Financial Assets				
Cash & Cash Equivalents	61,615,070	66,606,660	61,615,070	66,606,660
Receivables	4,777,979	3,666,557	4,777,979	3,666,557
Total	\$66,393,049	\$70,273,217	\$66,393,049	\$70,273,217
Financial Liabilities				
Payables	6,389,351	3,969,667	6,389,351	3,969,667
Borrowings	11,689,036	13,081,397	9,342,199	11,225,667
Leaseholder Liability	30,563,600	29,940,576	27,426,366	26,867,293
Total	\$48,641,987	\$46,991,640	\$43,157,916	\$42,062,627

Fair value is determined as follows:

Cash and Cash Equivalents, Receivables & Current Payables

Estimated as the carrying value - which approximates net market value.

Borrowings

Estimated future cash flows discounted by current market rates applicable to assets and liabilities having a similar risk profile.

Cash & Cash Equivalents

The City's objective is to maximise its return on cash and investments - whilst preserving capital and maintaining an adequate level of liquidity to support operational needs. The investment portfolio is managed in accordance with Policy P603 - Investment of Surplus Funds and Department of Local Government Guideline 19. A comprehensive Investment Register is maintained at all times and an Investment Report disclosing the composition of the portfolio, counterparty risk, credit quality and investment performance is provided to Council on a monthly basis.

The major risk associated with investments is price risk - that is, the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or factors affecting similar instruments traded in a market. Cash and investments are subject to interest rate risk - the risk that movements in interest rates could affect returns. Cash and investments are subject to credit risk - the risk that a contracting entity may not complete its obligations under a financial instrument resulting in a financial loss to Council. Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

37. FINANCIAL RISK MANAGEMENT (Continued)

The impact of a 1% change in interest rates on holdings of Cash & Cash Equivalents is shown below:

Details	2017	2016
	\$	\$
Sensitivity Analysis - 1% Change in Interest Rate		
Equity	616,151	666,066
Income Statement	616,151	666,066

Receivables

The City's major receivables comprise rates, service charges and user fees & charges. The major risk associated with these receivables is credit risk - the risk that the debts may not be repaid. This is managed by monitoring outstanding debts and employing timely, effective debt recovery practices.

Credit risk on Rates, Rubbish Charges and UGP Service Charges is minimised through the City's ability to recover these debts as a secured charge over the land - that is, the land can be sold to recover the debt. The City also charges interest on overdue rates and rubbish charges at higher than market rates which further encourages payment. The level of outstanding receivables is monitored against benchmarks for acceptable collection performance and reported monthly.

A suitable provision for doubtful receivables is made as required following a critical assessment of outstanding receivables by class each year. There are no material receivables that have been subject to a re-negotiation of repayment terms.

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

Details	2017	2016
Rates & Charges		
Current	88.9%	99.1%
Overdue	11.1%	0.9%
Other Receivables		
Current	90.2%	90.9%
Overdue	9.8%	9.1%

Short Term Deposits

The accounting policy applied in respect of short term deposits is as stated at Note 1 (j). Interest is recognised as earned rather than upon receipt. The average maturity of short term investments undertaken during the reporting period was 115.5 days. The weighted average interest rate yield was 2.46% on investments and an average rate of 1.27% on at call funds.

Payables & Borrowings

Payables and borrowings are both subject to liquidity risk - that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by dynamically monitoring its cash flow requirements and liquidity levels to ensure that an adequate cash buffer is maintained at all times.

Payments are made in accordance with agreed terms or statutory obligations - whichever is applicable. Credit terms may be extended or overdraft facilities drawn upon if required.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Payables - Classified by Year	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total Contractual Cash Flows	Carrying Values
2017					
Payables	6,389,351	-	-	6,389,351	6,389,351
Leaseholder Liability (Retirement Facility)	2,242,536	8,970,145	19,350,919	30,563,600	30,563,600
Borrowings	2,047,765	5,777,734	7,279,497	15,104,996	11,689,036
	\$10,679,652	\$14,747,879	\$26,630,416	\$52,057,947	\$48,641,987
2016					
Payables	3,969,667	-	-	3,969,667	3,969,667
Leaseholder Liability (Retirement Facility)	2,196,823	8,787,293	18,956,460	29,940,576	29,940,576
Borrowings	2,028,603	6,926,858	8,178,138	17,133,599	13,081,397
	\$8,195,093	\$15,714,151	\$27,134,598	\$51,043,842	\$46,991,640

Carrying Amounts of Borrowings with Interest Rate Sensitivity

	< 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	> 5 Years	Total
2017							
Fixed Rate	1,397,128	1,399,134	1,077,220	842,245	516,230	4,110,242	9,342,199
Weighted Ave Interest Rate	5.261%	5.250%	5.304%	4.942%	4.587%	4.326%	3.593%
2016							
Fixed Rate	1,361,722	1,418,249	1,430,982	1,110,036	874,439	5,030,238	11,225,667
Weighted Ave Interest Rate	5.261%	5.250%	5.304%	4.942%	4.587%	4.326%	3.593%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

38. INTEREST BEARING BORROWINGS

The City undertakes borrowings for its own purposes as part of a balanced funding model. It also acts as a guarantor for Self Supporting Loans to a number of community groups. City borrowings are regarded as part of the overall municipal funding package and with the exception of borrowings associated with the Collier Park Golf Course (Recreation & Culture Program) are not directly attributed to operational programs other than General Purpose Revenue. They are secured against the future general revenue of the City. Loan No 223, 225A, 225B and 231 are City loans.

Self Supporting Loans are guaranteed by the City on behalf of a nominated community sporting group. Responsibility for all payments of principal and interest rests with the beneficiary community sporting group. All payments are reimbursed by the relevant group - meaning that there is no financial impost on the City for these loans. Loan No 220, 224, 228, 229 and 230 are Self Supporting Loans. Loan 227 relates to the Collier Park Golf Course and the course is responsible for servicing all of its own loan repayments from its own sources - without impost on ratepayers.

All loans borrowings detailed below are undertaken with WA Treasury Corporation. Loan terms, payment frequencies and interest rates vary as agreed at the time of negotiating the loan. Individual loan details are as specified in the following table.

Loan No	Loan Term	Maturity Date	Interest Rate	Instalment Frequency	Balance 1 Jul 16	New Borrowings	Principal Repayment	Interest Repayment	Total Repayment	Balance 30 Jun 17
City Loans										
223	10 Yr	Jun 2019	6.32%	Monthly	1,102,119	-	(344,831)	(66,162)	(410,993)	757,288
225A	10 Yr	Jun 2021	5.48%	Monthly	1,135,843	-	(203,030)	(64,556)	(267,586)	932,813
225B	10 Yr	Jun 2021	4.02%	Monthly	600,065	-	(110,578)	(25,935)	(136,513)	489,487
231	20 Yr	Jun 2036	3.21%	Monthly	5,000,000	-	(181,253)	(192,262)	(373,515)	4,818,747
Golf Course Loans										
227	15 Yr	Sep 2026	4.97%	Monthly	3,614,878	-	(277,412)	(197,014)	(474,426)	3,337,466
Self Supporting Loans										
220	17 Yr	Nov 2021	6.28%	Monthly	26,900	-	(4,381)	(1,751)	(6,132)	22,519
224	10 Yr	Feb 2020	6.15%	Semi Annual	1,024,027	-	(233,236)	(59,926)	(293,162)	790,790
228	15 Yr	Feb 2028	4.65%	Quarterly	68,497	-	(4,618)	(3,548)	(8,166)	63,879
229	15 Yr	Feb 2028	4.42%	Quarterly	417,750	-	(27,764)	(20,713)	(48,477)	389,986
230	15 Yr	Sep 2029	4.22%	Monthly	91,318	-	(5,256)	(4,340)	(9,596)	86,061
Total Borrowings					\$13,081,397	-	(\$1,392,359)	(\$636,207)	(\$2,028,566)	\$11,689,036

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

39. PROPERTY PLANT & EQUIPMENT - MOVEMENTS IN CARRYING AMOUNTS

Movement	Land	Buildings	Artwork	Technology Equipment	Furniture Fittings	Mobile Plant	Plant & Equipment	Work in Progress	Total
Balance - 1 July 2016	280,596,371	83,985,512	368,963	641,295	362,060	3,042,858	538,967	14,630,103	384,166,129
Additions	-	810,747	-	616,971	500,413	1,119,838	132,175	-	3,180,144
Disposals	-	-	-	-	-	(167,197)	-	-	(167,197)
Revaluation Decrements	(7,436,371)	(8,192,608)	-	-	-	-	-	-	(15,628,979)
Transfer (to) from Assets Held for Sale	-	-	-	-	-	-	-	-	-
Additions to Work in Progress	-	-	-	-	-	-	-	6,045,126	6,045,126
Transfer from WIP Infrastructure	-	725,003	-	-	-	-	-	-	725,003
Transfers from Work in Progress	-	17,344,575	-	-	-	-	-	(17,344,575)	-
Disposal of Previously Revalued Assets	-	-	-	-	-	-	-	-	-
Depreciation Expense	-	(1,580,136)	(8,127)	(280,739)	(117,675)	(1,092,987)	(111,994)	-	(3,191,648)
Balance - 30 June 2017	\$273,160,000	\$93,093,093	\$360,836	\$977,527	\$744,798	\$2,902,512	\$559,158	\$3,330,654	\$375,128,578

40. INFRASTRUCTURE - MOVEMENTS IN CARRYING AMOUNTS

Movement	Roads Network	Drainage Network	Path Network	Street Furniture	Parks Assets	Foreshore Assets	Work in Progress	Total Infrastructure
Balance - 1 July 2016	176,782,567	19,457,038	35,743,095	989,558	74,395,164	3,744,001	1,277,344	312,388,767
Additions	3,433,503	571,023	361,579	203,744	877,742	140,929	-	5,588,520
Disposals	-	-	-	-	-	-	-	-
Revaluation Increments	24,039,817	524,491	3,133,196	496,971	-	-	-	28,194,475
Revaluation Decrements	-	-	-	-	(9,573,626)	-	-	(9,573,626)
Write Down / Adjustment	-	-	-	-	-	-	-	-
Additions to Work in Progress	-	-	-	-	-	-	3,581,090	3,581,090
Transfers from Work in Progress	-	-	-	-	-	-	(2,636,634)	(2,636,634)
WIP Transfer to PP&E	-	-	482,240	-	2,154,394	-	(725,003)	(725,003)
Depreciation Expense	(4,681,997)	(469,653)	(1,119,149)	(100,380)	(1,308,523)	-	-	(7,679,701)
Balance - 30 June 2017	\$199,573,890	\$20,082,899	\$38,600,962	\$1,589,893	\$66,545,151	\$3,884,930	\$1,496,797	\$331,774,522

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

41. FAIR VALUE

During the reporting period, the City has applied AASB 13 Fair Value Measurement measures.

The valuation concepts maximise the use of relevant observable inputs and minimising the use of unobservable inputs. There are three levels of inputs:

- Level 1 are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability. Unobservable inputs include estimates of residual value, useful life, and pattern of consumption, asset condition and the remaining service potential of the asset.

Where the cost of an asset can be reliably established using Level 2 inputs but other inputs require the use of extensive professional judgement, the valuation is classified as using Level 3 inputs.

The City measures the following assets and liabilities on a recurring basis:

- Land & Buildings
- Artworks
- Technology Equipment
- Furniture & Fittings
- Mobile Plant
- Plant & Equipment
- Roads
- Paths
- Drainage
- Park Assets
- Street Furniture
- Foreshore Assets

Assets are also measured on a non-recurring basis as a result of reclassification of assets held for sale.

The table below provides the fair values of the City's assets measured and recognised on a recurring basis after initial recognition - and their categorisation within the fair value hierarchy.

Recurring Fair Value Measurements; Non-Financial Assets at 30 June 2017

Asset Class	Note	Level 1	Level 2	Level 3	Total
Land	13	-	273,160,000	-	273,160,000
Buildings	13	-	-	93,093,093	93,093,093
Artworks	13	-	360,836	-	360,836
Technology Equipment	13	-	977,527	-	977,527
Furniture & Fittings	13	-	744,798	-	744,798
Mobile Plant	13	-	2,902,512	-	2,902,512
Plant & Equipment	13	-	559,158	-	559,158
Roads	14	-	-	199,573,890	199,573,890
Drainage	14	-	-	20,082,899	20,082,899
Paths	14	-	-	38,600,961	38,600,961
Park Assets	14	-	-	66,545,151	66,545,151
Street Furniture	14	-	-	1,589,893	1,589,893
Foreshore Assets	14	-	-	3,884,930	3,884,930
Total Non-Financial Assets		-	278,704,831	423,370,817	702,075,648

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

41. FAIR VALUE (Continued)

Recurring Fair Value Measurements; Non-Financial Assets at 30 June 2016

Asset Class	Note	Level 1	Level 2	Level 3	Total
Land	13	-	130,878,871	149,717,500	280,596,371
Buildings	13	-	-	83,985,512	83,985,512
Artworks	13	-	368,963	-	368,963
Technology Equipment	13	-	641,295	-	641,295
Furniture & Fittings	13	-	362,060	-	362,060
Mobile Plant	13	-	3,042,858	-	3,042,858
Plant & Equipment	13	-	538,966	-	538,966
Roads	14	-	-	176,782,567	176,782,567
Drainage	14	-	-	19,457,038	19,457,038
Paths	14	-	-	35,743,095	35,743,095
Parks	14	-	-	74,395,163	74,395,163
Street Furniture	14	-	-	989,558	989,558
Foreshore Assets	14	-	-	3,744,001	3,744,001
Total Non-Financial Assets		-	135,833,013	544,814,434	680,647,447

Fair values were determined as at 30 June 2016 for the various Plant & Equipment asset classes. Fair values were recorded as at 30 June 2016 for all Infrastructure Asset classes. Land, Buildings and Artworks were also recorded at fair value at this date.

Non-Recurring Fair Value Measurements; Non-Financial Assets at 30 June 2016

Assets Held for Sale

Asset Class	Note	Level 1	Level 2	Level 3	Total
Land	8,11	-	804,792	-	804,792
Buildings	8,11	-	96,464	-	96,464
Total Non-Recurring Fair Value Assets		-	901,256	-	901,256

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

41. FAIR VALUE (Continued)

Valuation techniques / inputs used to determine fair value for each asset class are:

Asset Class	Input	Valuation	Technique
Buildings - Specialised	3	Cost	Cost adjusted for estimates of unobservable inputs
Buildings - Commercial	2	Market	Comparable sales / price per square metre
Land - Freehold	2	Market	Comparable sales / price per square metre
Land - Restricted Use	3	Market	Price per square metre adjusted for restrictions in use
Land under Control	3	Market	Income approach
Artworks	2	Market	Estimated value expected to be realised
Technology Equipment	2	Cost	Make, capacity, year of manufacture and condition
Furniture & Fittings	2	Cost	Make, capacity, year of manufacture and condition
Mobile Plant	2	Cost	Make, capacity, year of manufacture and condition
Plant & Equipment	2	Cost	Make, capacity, year of manufacture and condition
Roads	3	Cost	As detailed below *
Paths	3	Cost	As detailed below *
Drainage	3	Cost	As detailed below *
Parks Assets	3	Cost	As detailed below *
Street Furniture	3	Cost	As detailed below *
Foreshore Assets	3	Cost	As detailed below *

*Estimates of residual value, useful life, pattern of consumption, asset condition and relationship to the assessed level of remaining service potential of the depreciable asset.

Transfers Policy

Transfers into and out of the fair value hierarchy levels are recognised at the end of the reporting period. There were no transfers between Levels 1 & 2 or transfers out of Level 3 during the reporting period.

Highest and Best Use

There were no assets valued where it was assumed that the highest and best use was other than its current use.

Valuation Techniques Used to Derive Fair Values for Recurring Fair Value Measurement

Land

Level 2 & 3 Valuation Inputs

Where there is directly comparable market evidence, Level 2 inputs were used to value land held freehold and land used for special purposes which is restricted in use under current zoning rules. Sales of comparable land sites in close proximity were adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Where there was no observable market evidence for a land site due to its configuration, council zoning restrictions or due to presence of water bodies, significant professional judgement was required to be exercised in adjusting the price per square metre inputs available. This resulted in some land parcel valuations being derived using inputs at level 3 in the valuation hierarchy.

Plant & Equipment

All Plant & Equipment asset classes (Technology Equipment, Furniture & Fittings, Mobile Plant and Plant & Equipment) were revalued to fair value at 30 June 2017 by City officers using Level 2 inputs involving the exercise of professional judgement. This exercise achieved compliance with *Local Government (Financial Management) Regulation 17A*.

Whilst additions since that time are shown at cost, given that they were acquired at arm's length and any accumulated depreciation reflects the usage of the service potential embodied in that asset, it is considered that the recorded written down value (WDV) approximates fair value. Accordingly, it is considered that these values reflect compliance with *Local Government (Financial Management) Regulation 17A*.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

41. FAIR VALUE (Continued)

Buildings

Level 2 Valuation Inputs

These were used to determine the fair value of a range of properties. This included the bulk of the residential and commercial properties. The residential properties fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Commercial buildings have been generally derived using a combination of sales direct comparison approach and capitalisation of income approach. Fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are rental yields and price per square metre.

Level 3 Valuation Inputs

Specialised buildings were valued using the cost approach using professionally qualified Registered Valuers. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. These include the average cost of construction and consumption score for each component. As these are supported by observable market evidence they have been classified as Level 2 inputs.

The unobservable inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition and its relationship to the assessed level of remaining service potential of the depreciable amount) required extensive professional judgement and impacted significantly on the determination of fair value.

As such, these assets were classified as having been valued using level 3 valuation inputs.

Valuation Techniques Used to Derive Fair Values for Recurring Fair Value Measurement

Artworks

Valuation inputs and techniques used to determine the fair value for all Artwork Assets have been based on Level 2 inputs - Market Based. It has been determined that there is an active market for the Art Work Assets and hence the 'market approach' has been adopted.

Market (Direct Comparison) - This approach has been applied and fair value assessed on the basis of the estimated amount which the relevant item of Art Work valued might reasonably be expected to realised on the date of valuation in an exchange between market participants given highest and best use or highest and best alternative use. This was determined by comparison to recent sales of Art work with similar characteristics. This was then adjusted to reflect conditions and comparability. As this was based on observable evidence, they have been classified as Level 2.

Valuation Techniques Used to Derive Fair Values for Recurring Fair Value Measurement

The quantitative disclosures of the remaining service potential relating to each corresponding condition score for each of the patterns of consumption utilised in this valuation are as follows:

Infrastructure

Infrastructure asset classes (Roads, Drainage, Paths and Parks Assets) were revalued to fair value at 30 June 2017 by City officers using the cost approach based on Level 3 inputs involving the exercise of professional judgement. The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and took into account a range of factors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

41. FAIR VALUE (Continued)

Valuation Techniques Used to Derive Fair Values for Recurring Fair Value Measurement

Whilst the unit rates based on square metres or similar could be supported by market evidence (Level 2 inputs), other factors (such as residual life, useful life pattern of consumption and asset condition) required extensive professional judgement. These impacted significantly on the final determination of fair value. These assets therefore were classified as having been valued using Level 3 valuation inputs.

During the year, a significant number of new projects were completed where the actual cost was recorded and the impact of depreciation at year end was negligible. Whilst these assets could be classified as being valued at Level 2, given the low proportion of the total portfolio that these assets represented (and the likelihood that future revaluations would result in them being valued as using Level 3 inputs, the City has adopted a policy that all infrastructure assets are deemed to be valued at Level 3.

The valuation methodology and assumptions underpinning the Infrastructure valuations were independently reviewed by a licensed valuer to ensure the integrity of the values determined. It is intended that this assessment of infrastructure asset values by City officers using Level 3 inputs and supplementary independent review will occur on annual basis.

Valuation Techniques Used - Non Recurring Fair Value Measurement

Buildings classified as Assets held for sale during the reporting period were valued at the lower of carrying amount and the greater of 'value in use' or 'fair value less cost to sell'. The fair value of these assets was determined using the sales comparison approach.

Valuation Process - Level 3 Inputs

Relationship between Asset Consumption Scale and Level of Consumed Service Potential

Under the cost approach, the estimated cost to replace the asset is calculated and then adjusted to take account of any accumulated depreciation. In order to achieve this, the valuer determines an asset consumption rating scale for the asset type based on inter-relationships between a range of factors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

41. FAIR VALUE (Continued)

Valuation Process

These factors and their relationship to fair value, require professional judgment to be exercised and include consideration of factors including (but not limited to) asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value, useful life and pattern of consumption of the future economic benefit.

The consumption rating scales were based initially on the past experience of the valuation firm and industry guides that were then updated to take into account the experience and understanding of the City's engineers, asset management and finance staff. The results of the valuations were further evaluated by confirmation against the City's own understanding of the assets and the (expected) level of remaining service potential.

For Non-Infrastructure Assets (other than those in the Building or Land Asset classes which were valued by accredited independent external valuers), relevant City officers have satisfied themselves that the values recorded in the Financial Statements accurately reflect fair values in relation to the underlying asset. Artworks having a value of over \$100,000 were valued by an independent external art valuer in 2014/2015 and did not require a revised valuation in 2015/2016 or 2016/2017.

In addition, the Infrastructure Asset valuation assumptions and methodology were independently assessed through an external expert review to confirm the validity of the key inputs, unit rates, assumptions applied.

The Asset Register is considered complete and accurate for all such asset classes.

In considering the validity, rigour and integrity of the Level 3 valuation inputs supplied, the City has undertaken a comprehensive analysis of results to validate the Fair Value to the (past) WDV as a percentage of gross value and then to benchmark the percentages derived therein against other Local Government peers.

In conducting the Fair Value exercise, the City has also undertaken comparisons between the 2017 valuation and previous comparative valuations. The object of this exercise was to identify any significant fluctuations and to ensure that the differences could be explained and substantiated.

In the 2017 Fair Value exercise, the most significant variations were as disclosed below:

Land

There was a decrease of 2.6% overall in the value of land assets. The change in value was adjusted against the Asset Revaluation Reserve.

Buildings

There was an increase of 10.8% overall in the value of building assets. The Manning Hub comprised the major additions in value to buildings during the year. A revaluation decrement was due to the fair value reducing as a result of the replacement values of existing buildings being indexed to reflect current replacement cost. The change in value for the buildings asset class was adjusted against the Asset Revaluation Reserve for this asset class.

Roads Network

The replacement value of the road network increased by 12.9% over the year, largely reflecting the critical assessment of the cost to create equivalent roads in a 'brownfields' environment with emphasis on the cost to create the equivalent subgrade and the pavement. The condition based assessment of the road network also resulted in an improvement in the WDV of the asset - reflecting remedial and maintenance work undertaken. The change in value was adjusted against the Asset Revaluation Reserve for this asset class.

Paths Network

The WDV of the path network increased 8.1% during the year primarily due to revaluation and new capital works being undertaken. The change in value was adjusted against the Asset Revaluation Reserve for this asset class.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

41. FAIR VALUE (Continued)

Valuation Process (Continued)

Drainage

The WDV of drainage assets increased by 3.2% in 2017. The change in value was adjusted against the Asset Revaluation Reserve for this asset class.

Park Assets

Park asset decreased by 10.6% during the year. The change in the value of the park asset class was adjusted against the Asset Revaluation Reserve for this asset class.

Street Furniture

Street furniture assets increased during the year by 60.7% primarily as a result of revaluations. The change in the value of the street furniture asset class was adjusted against the Asset Revaluation Reserve for this asset class.

Foreshore Assets

Foreshore Assets marginally increased during the year due to additions. Foreshore Assets were not revalued during the year.

Disclosed Fair Value Measurements

The following assets and liabilities are not measured at fair value in the Statement of Financial Position but their fair values are separately disclosed in the notes to the Financial Statements.

Borrowings

The following table provides the level of fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety as well as providing a description of the valuation technique used.

Description	Note	FV Level	Valuation Technique	Inputs Used
Liabilities				
Borrowings	37	2	Income approach using the discounted cashflow method	Current Treasury borrowing rates for similar instruments.
Leaseholder Liability	37	2	Income approach using the discounted cashflow method	Current Treasury borrowing rates for similar instruments.

There was no change in the valuation technique used to calculate the fair values disclosed in the notes to the Financial Statements during 2016/2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

42. KEY PERFORMANCE INDICATORS

Performance Measure	2017	2016	2015
CURRENT RATIO	0.9	1.06	1.12
<i>Indicates the City's short term liquidity and capacity to meet short term obligations.</i>			
<i>Preferred value for this ratio is greater than 1.0</i>			
Current Assets - Restricted Assets	16,472,113	16,579,935	19,117,651
Current Liabilities - Restricted Liabilities	18,213,743	15,568,194	16,992,380
<i>*Ratios have been amended to reflect reclassification of Leaseholder Liability from non-current to current.</i>			
CURRENT RATIO (Excluding Leaseholder Liability)	1.34	1.82	1.93
<i>Indicates the City's short term liquidity and capacity to meet short term obligations.</i>			
<i>Preferred value for this ratio is greater than 1.0</i>			
Current Assets - Restricted Assets	16,472,113	16,579,935	19,117,651
Current Liabilities - Restricted Liabilities	12,274,154	9,131,992	9,891,890
OPERATING SURPLUS RATIO	(1.5%)	2.1%	33.9%
<i>Indicates the extent to which revenue covers operational expenses and capital expenditure.</i>			
<i>Preferred value is positive and between 0% and 15%</i>			
Operating Surplus	(823,894)	1,162,331	25,288,874
Own Source Revenue	55,614,925	55,366,598	74,639,371
OWN SOURCE REVENUE COVER RATIO	95.5%	100.0%	143.8%
<i>Indicates the extent of financial autonomy That is the capacity to generate revenues to meet operating costs from its own revenue sources.</i>			
<i>Preferred value is greater than 40%</i>			
Own Source Revenue	55,614,925	55,366,598	74,639,371
Operating Expenses	58,261,037	55,345,665	51,904,038
DEBT SERVICE RATIO	5.32	7.72	16.28
<i>Indicates the capacity to generate sufficient cash to meet debt service obligations as they become due and payable.</i>			
<i>Preferred value for this ratio is greater than 2.0</i>			
Operating Surplus before Interest & Depreciation	10,799,224	12,872,418	35,305,739
Debt Service Costs - Principal & Interest	2,032,901	1,666,417	2,169,282
RATES OUTSTANDING RATIO	1.9%	1.0%	0.7%
<i>Indicates the effectiveness of rates collection procedures.</i>			
<i>Preferred value for this ratio is less than 5%</i>			
Rates Outstanding	660,348	322,470	221,509
Total Rates Collectible	34,198,644	32,491,755	30,886,361

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

42. KEY PERFORMANCE INDICATORS (Continued)

Performance Measure	2017	2016	2015
ASSET SUSTAINABILITY RATIO	165.8%	97.1%	100.0%
<i>Indicates the extent to which assets are renewed or replaced as they reach the end of their useful lives</i>			
<i>Preferred value for this ratio is greater than 90%</i>			
Capital Renewal & Replacement Expenditure	18,212,771	10,866,283	9,436,683
Depreciation Expense & Ammortisation	10,982,576	11,193,527	9,480,272
Further Ratio Information			
The following information relates to those ratios that require only attestation that they have been checked and are supported by verifiable information.			
ASSET CONSUMPTION RATIO	71.9%	69.4%	70.2%
<i>Indicates the aged condition of the City's physical assets.</i>			
<i>Preferred value for this ratio is between 50% and 70%</i>			
Depreciated Replacement Cost of Assets	429,893,919	400,947,744	329,853,426
Current Replacement Value of Assets	598,050,199	577,909,330	469,689,823
ASSET RENEWAL FUNDING RATIO	97.3%	97.7%	95.1%
<i>Indicates the City's capacity to fund asset renewals at existing revenue and service levels.</i>			
<i>Preferred value for this ratio is between 95% and 100%</i>			
Net Present Value of Planned Renewal Funding	90,815,026	100,945,026	94,414,592
Net Present Value of Required Renewal Funding	93,371,237	103,324,823	99,320,725

43. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events after the reporting period that are required to be included in the 2016/17 Annual Financial Report.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2017

44. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

Total remuneration paid to KMP of the City during the year are as follows:

	2017
	\$
Short-term employee benefits	1,191,380
Post-employment benefits	120,550
Other long-term benefits	(15,431)
Termination benefits	-
	1,296,499

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and annual leave and current entitlement to long service leave awarded to KMP including fees and benefits paid to elected members.

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits including the non-current entitlement to long service leave accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP during the year.

Related Parties

The entity'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 entity

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 Entity has interests in the Local Government House Trust and the Rivers Regional Council. 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 12.

The City has an ownership interest in the Local Government House Trust, which is included in the financial statements, comprising of 10 units. This ownership interest represents 1.61% and \$154,761 (2016: 1.61% and \$158,158).

The City has an interest in the Rivers Regional Council based on the tonnes of waste delivered during the previous financial year, which is included in the financial statements. The percentage interest for the year, based on proportionate prior year tonnage contributions (from the Cities of Armadale, Gosnells, Mandurah, South Perth and the Shires of Serpentine Jarrahdale, Murray and Waroona) was 11.91% representing an interest of \$25,587 (2016: 12.8% and \$67,883).

Transactions with related parties

Transactions between related parties in the ordinary course of business undertake at arm's length, and are no more favourable than those available to other parties have been identified to be transactions an ordinary citizen would undertake with the City. These Ordinary Citizen Transactions have been determined to be immaterial in nature and are excluded from related party transactions.



Certified Practising Accountants

PARTNERS
Anthony Macri FCPA
Domenic Macri CPA
Connie De Felice CA

INDEPENDENT AUDITOR'S REPORT

TO: THE RATEPAYERS OF CITY OF SOUTH PERTH

Report on the Financial Report

Opinion

We have audited the financial report of City of South Perth (the Council), which comprises the Statement of Financial Position as at 30 June 2017, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity and Statement of Cash Flows and Rate Setting Statement for the year then ended, and a summary of significant accounting policies and other explanatory information and Statement by Chief Executive Officer.

In our opinion, the accompanying financial report of the City of South Perth is in accordance with the *Local Government Act 1995* (as amended), including:

- (a) giving a true and fair view of the financial position of the City of South Perth as at 30 June 2017 and of its financial performance for the year then ended; and
- (b) complying with the Australian Accounting Standards (including Australian Accounting Interpretations) and the *Local Government (Financial Management) Regulations 1996* (as amended).

Report on Other Legal and Regulatory Requirements

In accordance with the *Local Government (Audit) Regulations 1996*, we also report that:

- (a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Council.
- (b) There are no other matters indicating non-compliance with Part 6 of the *Local Government Act 1995* (as amended), the *Local Government (Financial Management) Regulations 1996* (as amended) or applicable financial controls of any other written law noted during the course of our audit.
- (c) In relation to the asset consumption ratio and asset renewal funding ratio (presented at Note 42 of the annual financial report) we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - (i) reasonably calculated; and
 - (ii) based on verifiable information.
- (d) All necessary information and explanations were obtained by us.
- (e) All audit procedures were satisfactorily completed in conducting our audit.

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INDEPENDENT AUDITOR'S REPORT (Cont'd)

Basis for Opinion

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

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

Information Other than the Financial Report and Auditor's Report Thereon

The management is responsible for the other information. The other information comprises the information included in the Council's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Local Government Act 1995* (as amended) and the *Local Government (Financial Management) Regulations 1996* (as amended) and for such internal controls as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Report

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

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


INDEPENDENT AUDITOR'S REPORT (Cont'd)

- Identify and assess the risks of material misstatement of the 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 our 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the City of South Perth for the year ended 30 June 2017 included on the Council's website. Management is responsible for the integrity of the Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.


MACRI PARTNERS
CERTIFIED PRACTISING ACCOUNTANTS
SUITE 2, 137 BURSWOOD ROAD
BURSWOOD WA 6100


A MACRI
PARTNER

PERTH
DATED THIS 27TH DAY OF NOVEMBER 2017.

ADDITIONAL INFORMATION >



For information on financial terms, see page 114.

A

Australian Business Excellence Framework (ABEF)

The ABEF aligns the City's leadership and management systems and practices with the Australian Business Excellence Framework principles; and establishes the principles and practices for excellence in governance.

B

Business Enterprise Foundations

Business Foundations is a non-profit organisation delivering business assistance to small to medium businesses throughout Western Australia.

C

Collier Park Golf Course

The Collier Park Golf Course is a 27-hole international standard public golf course incorporating a large driving range, huge immaculate putting greens, and three world-class nine hole courses.

Corporate Business Plan 2013-2017

The Corporate Business Plan 2013-2017 is the City's 4 year project and service delivery plan. First adopted by Council in March 2013, it is aligned to the City's Strategic Community Plan 2013-2023, translating the strategic direction at an operational level.

Curtin University and Bentley Technology Park Precinct

The Park is home to over 100 organisations representing industry, Research and Development, academia, government and support services, creating opportunities for strategic linkages and project collaboration for Park tenants within and external to the cluster.

Customer Relationship Management (CRM)

Customer Relationship Management (CRM) is a method of managing customer interactions by a company or organisation, utilising technology to organise, automate and synchronise business processes.

D

Directions 2031 and Beyond

Directions 2031 and beyond is the State Government's capital city strategic plan, guiding change and the growth of the city over coming decades.

I

ICLEI – Local Governments for Sustainability

ICLEI – Local Governments for Sustainability, is an association of more than 1,220 local governments from 70 different countries who demonstrate committed to sustainable development. ICLEI provides technical consulting, training, and information services to build capacity, share knowledge, and support local government in the implementation of sustainable development at the local level.

Infrastructure Australia

Infrastructure Australia is a statutory body that advises governments, investors and infrastructure owners on a wide range of issues including Australia's current and future infrastructure needs, mechanisms for financing infrastructure investments, and policy, pricing and regulation and efficiency of the delivery, operation and use of national infrastructure networks.

InfoCouncil Meeting Software

InfoCouncil is an automated, integrated office productivity tool for the creation, publication and storage of council agendas and minutes.

K

KidSport

KidSport enables eligible Western Australian children aged 5-18 years to participate in community sport and recreation by offering them financial assistance towards club fees. The fees go directly from the local government to the registered KidSport clubs participating in the project.

L

Lag Indicators

Lag indicators are the traditional safety metrics used to indicate progress toward compliance with safety rules. These are the bottom-line numbers that evaluate the overall effectiveness of safety at a facility.

Lead Indicators

A lead indicator is a measure preceding or indicating a future event used to drive and measure activities carried out to prevent and control injury.

Local Government Insurance Services (LGIS)

LGIS is the dedicated insurance service owned by the WA Local Government Association on behalf of its members and managed by Jardine Lloyd Thompson Pty Ltd. Services include claims and risk

management, legislative compliance support and general insurance broking.

Local Government Grants Scheme

Administered by the Western Australian Local Government Grants Commission, this scheme recommends and allocates 'General Purpose Grants' among 138 local governments in Western Australia, as part of the *Local Government Grants Act 1978*.

Lost time injuries

Number of lost time injuries/diseases incidence rate (LTI/D) is the number of lost time injuries/diseases where one day/shift or more was lost, in the financial year per 100 employees

M

Main Roads Western Australia (MRWA)

Main Roads Western Australia is responsible for Western Australia's highways and main roads which represent almost 30% of the State's total assets.

Memorandum of Understanding (MOU)

A memorandum of understanding (MOU) is a document describing a bilateral or multilateral agreement between parties. It expresses a convergence of will between the parties, indicating an intended common line of action.

N

National Broadband Network (NBN)

The National Broadband Network (NBN) is a government-owned company established to build infrastructure and manage the rollout of the National Broadband Network across Australia. The NBN is rolling out fibre-optic, fixed wireless and satellite infrastructure to replace the existing broadband infrastructure for a faster and more reliable broadband service.

National Emergency Risk Assessment Guidelines

The National Emergency Risk Assessment Guidelines provide a contextualised emergency risk assessment methodology consistent with the Australian/New Zealand Standard AS/NZS ISO 31000:2009 Risk management – Principles and guidelines.

O

Our Vision Ahead

Our Vision Ahead was a City of South Perth initiative designed to explore the aspirations of the community. The aim was to create a shared vision for the future that both Council and community could work towards.

R

Residential design policy manual

A guiding document for City wide residential policies and precinct based policies.

Risk Management Standard AS/NZ ISO 31000:2009

ISO 31000:2009 provides generic guidelines for the design, implementation and maintenance of risk management processes throughout an organization. This enables all strategic, management and operational tasks of an organization throughout projects, functions, and processes to be aligned to a common set of risk management objectives.

Rivers Regional Council

The Rivers Regional Council has responsibility for planning long-term waste management strategy, identifying issues associated with waste management and lobbying on behalf of the seven member Councils (Cities of Armadale, Gosnells, Mandurah, South Perth and the Shires of Murray, Serpentine Jarrahdale and Waroona) in the general field of waste management. It is also taking some responsibility for waste education across the region.

S

South East Metropolitan Regional Council (SMRC)

The SMRC is a statutory local government authority established by local councils in the southern part of metropolitan Perth. It is responsible for developing environmentally sustainable waste management solutions and climate change abatement measures for the communities of Cockburn, East Fremantle, Fremantle, Kwinana, Melville and Rockingham.

Strategic Community Plan 2013-2023

The Strategic Community Plan encapsulates our community's vision for the future and in response outlines the Council's strategic directions and priorities for the next 10-year period to deliver on this vision.

Swan River Trust

The Swan River Trust is a state government agency responsible for protecting and managing the Swan Canning river system.

T

Town Planning Scheme

Outlines state and local planning policies including zones, overlays and other provisions.

Transperth

Transperth is part of the State Government's Public Transport Authority (PTA), and is the brand name through which the Western Australian Government provides public transport services in the Perth metropolitan region. This includes Perth's public buses, trains and ferries.

U

Underground Power Program

The Underground Power Program (UPP) is a State Government initiative administered by the Public Utilities Office. Local government areas can nominate areas to be converted to underground power. Each nomination is assessed against social, economic and technical criteria by the UPP Steering Committee.

W

Ward/s

The district of a municipality, city or town for administrative or representative purposes.

Waste transfer station

Temporary storage facility situated in Como for local waste before it is recycled or transported to a landfills site.

Waterwise Council

The Waterwise Council program helps councils in Western Australia adhere to the State Government's water efficiency measures and encourages improved water use management at a corporate and community level. It is developed by the Water Corporation and Department of Water, with support from International Council for Local Environmental Initiatives (ICLEI) – Local Governments for Sustainability.

Western Australian Local Government Association (WALGA)

The WA Local Government Association is the voice of Local Government in Western Australia. As the peak industry body WALGA advocates on behalf of the State's 130 Local Governments and negotiates service agreements for the sector. WALGA is not a government department or agency.

Western Australian Planning Commission (WAPC)

The WAPC is the statutory authority with statewide responsibilities for urban, rural and regional land use planning and land development matters. The WAPC responds to the strategic direction of government and is responsible for the strategic planning of the State.

Western Power

Western Power is a State Government owned corporation that builds, maintains and operates the electricity network in the south west corner of Western Australia.

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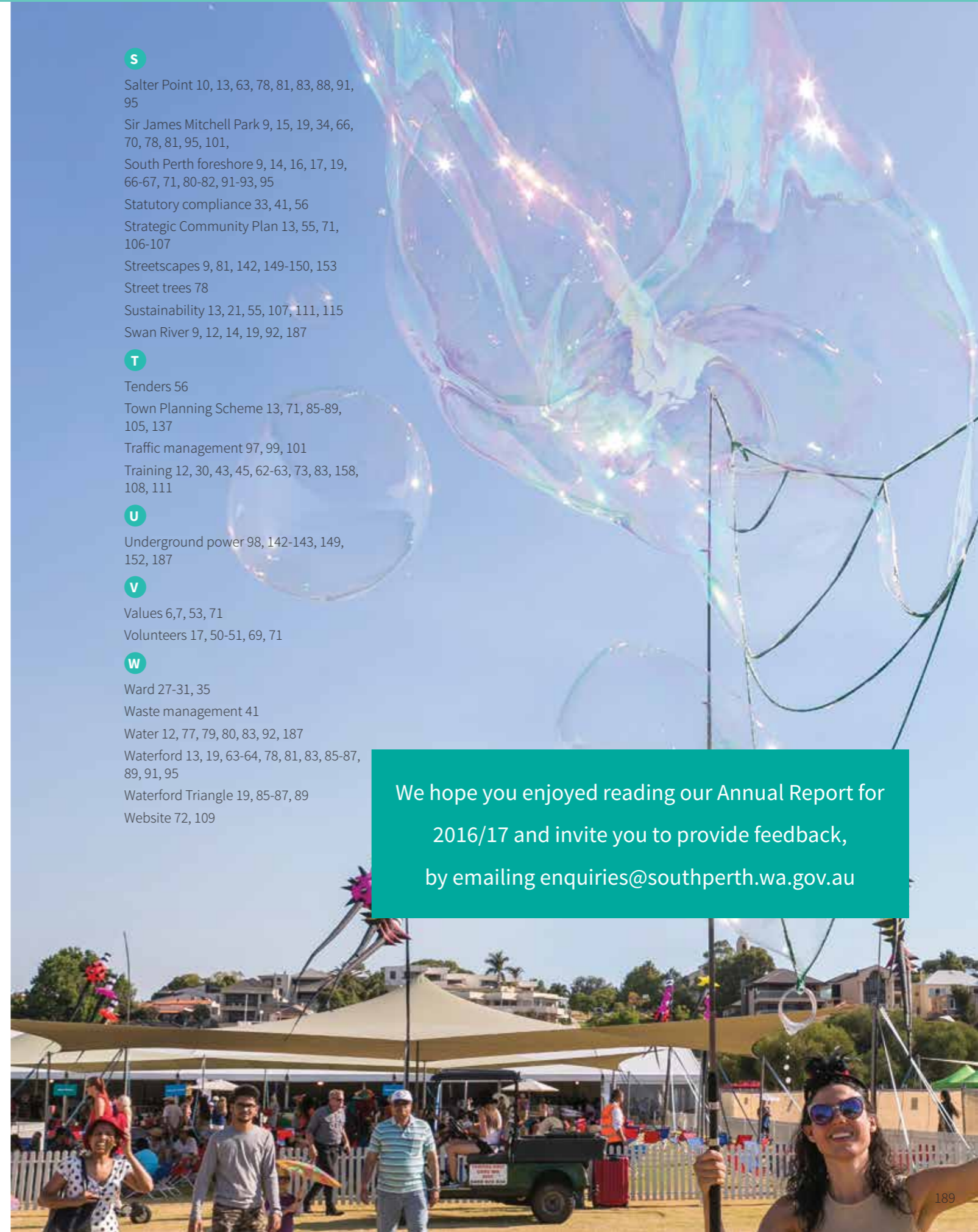
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We hope you enjoyed reading our Annual Report for 2016/17 and invite you to provide feedback, by emailing enquiries@southperth.wa.gov.au



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