

**CITY OF SOUTH PERTH
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 2020**

A CITY OF ACTIVE PLACES AND BEAUTIFUL SPACES





Kaartdjinin Nidja Nyungar Whadjuk Boodjar Koora Nidja Djining Noonakoort kaartdijin wangkiny, maam, gnarnk and boordier Nidja Whadjul kura kura.

We acknowledge and pay our respects to the traditional custodians of this land, the Whadjuk people of the Noongar nation and their Elders past, present and future.

CITY OF SOUTH PERTH ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

Table of Contents

STATEMENT BY CHIEF EXECUTIVE OFFICER	3
INDEPENDENT AUDITORS REPORT	4
STATEMENT OF COMPREHENSIVE INCOME BY NATURE AND TYPE	6
STATEMENT OF COMPREHENSIVE INCOME BY REPORTING PROGRAM.....	7
STATEMENT OF FINANCIAL POSITION	8
STATEMENT OF CHANGES IN EQUITY	9
STATEMENT OF CASH FLOWS BY NATURE AND TYPE	10
RATES SETTING STATEMENT BY NATURE AND TYPE.....	11
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT	12
1. BASIS OF PREPARATION	12
2. REVENUE & EXPENSES.....	13
2(a). Revenue.....	14
2(b). Expenses.....	15
3. CASH AND CASH EQUIVALENTS	16
4. RESERVES – CASH/FINANCIAL ASSET BACKED	17
4(a). Reserve Funds.....	17
5. OTHER FINANCIAL ASSETS	22
6. TRADE AND OTHER RECEIVABLES.....	23
7. OTHER ASSETS	24
8. PROPERTY, PLANT AND EQUIPMENT	25
8(a). Movements in Carrying Amounts.....	25
8(b). Fair Value Measurements.....	26
9. INFRASTRUCTURE.....	27
9(a). Movements in Carrying Amounts.....	27
9(b). Fair Value Measurement	28
10. FIXED ASSETS	29
10(a). Disposal of Assets.....	30
10(b). Depreciation.....	31
11. OTHER LIABILITIES.....	32
12. INTANGIBLE ASSETS	33
Computer Software.....	33
13. REVALUATION SURPLUS	34
14. TRADE AND OTHER PAYABLES	35
15. LEASEHOLDER LIABILITY	36
16. INFORMATION ON BORROWINGS	37
16(a). Borrowings.....	37
16(b). Repayments on Borrowings.....	37
16(c). Undrawn Credit Facilities	38

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 June 2020

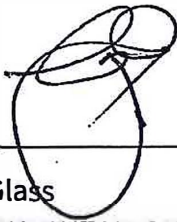
17. EMPLOYEE RELATED PROVISIONS.....	39
18. NOTES TO THE STATEMENT OF CASH FLOWS	41
<i>Reconciliation of Cash</i>	41
19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY	42
20. CONTINGENT LIABILITIES.....	42
21. CAPITAL COMMITMENTS	42
22. RELATED PARTY TRANSACTIONS.....	43
22(a). <i>Elected Members Remuneration and Expenditure (Key Management Personnel)</i>	43
22(b). <i>Senior Officers Remuneration (Key Management Personnel)</i>	43
22(c). <i>Related Parties</i>	44
i. <i>Key management personnel</i>	44
ii. <i>Entities subject to significant influence by the City</i>	44
iii. <i>Associates accounted for under the equity method</i>	44
iv. <i>Related Parties accounted for under the equity method</i>	44
23. INVESTMENT IN ASSOCIATE	45
24. RATING INFORMATION	46
24(a). <i>Rates</i>	46
24(b). <i>Interest Charges and Instalments</i>	47
25. RATE SETTING STATEMENT INFORMATION	48
25(a). <i>Non-cash amounts excluded from operating activities</i>	48
25(b). <i>Surplus/(deficit) after imposition of general rates</i>	48
25(c). <i>Adjustments to current assets and liabilities at 1 July 2019</i>	49
26. FINANCIAL RISK MANAGEMENT	50
26(a). <i>Interest Rate Risk</i>	50
<i>Cash and Cash Equivalents</i>	50
<i>Sensitivity</i>	51
<i>Borrowings</i>	51
26(b). <i>Credit Risk</i>	52
<i>Trade and Other Receivables</i>	52
26(c). <i>Liquidity Risk</i>	53
<i>Payables and Borrowings</i>	53
27. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD	54
28. CORRECTION OF PRIOR YEAR ERROR.....	54
<i>Leaseholder Liabilities</i>	54
29. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS	55
29(a). <i>AASB 15: Revenue from Contracts with Customers</i>	55
29(b). <i>Statements</i>	56
30. OTHER SIGNIFICANT ACCOUNTING POLICIES	57
31. ACTIVITIES/PROGRAMS	60
32. FINANCIAL RATIOS	62

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

Signed as authorisation of issue on the 26th day of November 2020.



Geoff Glass
CHIEF EXECUTIVE OFFICER





Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the City of South Perth

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the City of South Perth which comprises the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the City of South Perth:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

I draw attention to Notes 1 and 10 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the City's financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

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

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

The Chief Executive Officer (CEO) of the City is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of the annual financial report that is free from material misstatement, whether due to fraud or error. In preparing the annual financial report, the CEO is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the City.

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the City:
 - a. The Operating Surplus Ratio as reported in Note 32 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' basic standard of 0.01 for the last three financial years.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the City of South Perth for the year ended 30 June 2020 included on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



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

STATEMENT OF COMPREHENSIVE INCOME BY NATURE AND TYPE

	Note	2019/20 Budget	2019/20 Actual	2018/19 Actual
REVENUE		\$	\$	\$
Rates revenue	24(a)	37,676,981	38,275,107	37,493,066
Fees and charges	2(a)	16,979,860	16,046,776	16,687,684
Operating grants subsidies and contributions	2(a)	1,647,921	2,494,834	1,979,844
Interest revenue	2(a)	1,510,993	1,522,400	2,022,209
Other revenue	2(a)	730,606	910,702	917,151
TOTAL REVENUE		58,546,361	59,249,819	59,099,954
EXPENSES				
Employee costs		(22,770,531)	(24,813,393)	(24,983,457)
Materials and contracts		(23,684,690)	(22,408,195)	(19,841,420)
Utility charges		(1,448,190)	(1,909,767)	(2,360,959)
Depreciation and amortisation	10(b)	(12,353,210)	(11,020,731)	(11,998,472)
Interest expenses	2(b)	(381,523)	(352,701)	(463,100)
Insurance expenses		(935,000)	(990,221)	(880,405)
Other expenditure	2(b)	(733,508)	(923,498)	(1,567,549)
TOTAL EXPENSES		(62,306,652)	(62,418,505)	(62,095,363)
TOTAL		(3,760,291)	(3,168,686)	(2,995,409)
Non-operating grants, subsidies and contributions	2(a)	4,236,998	2,331,567	2,439,613
Profit/(Loss) on asset disposal	10(a)	29,694	(11,529)	35,012
Fair value adjustment to financial assets at fair value through profit or loss	5	-	2,882	20,503
Share of nett profit/(loss) of associates accounted for using the equity method	23	-	(43,374)	24,974
		4,266,692	2,279,546	2,520,102
NET RESULT		506,401	(889,140)	(475,307)
OTHER COMPREHENSIVE INCOME				
Changes on revaluation of non-current assets	13	-	-	14,564,058
TOTAL OTHER COMPREHENSIVE INCOME		-	-	14,564,058
TOTAL COMPREHENSIVE INCOME		506,401	(889,140)	14,088,751

*this statement is to be read in conjunction with the accompanying notes



STATEMENT OF COMPREHENSIVE INCOME BY REPORTING PROGRAM

	Note	2019/20 Budget	2019/20 Actual	2018/19 Actual
REVENUE		\$	\$	\$
General purpose funding		39,915,831	40,583,277	40,073,018
Governance		70,000	129,430	95,798
Law, order and public safety		190,750	193,239	223,985
Health		140,000	172,662	142,206
Housing		2,279,946	2,271,493	2,271,034
Community amenities		7,620,553	7,926,916	7,674,436
Recreation and culture		4,648,679	4,870,823	5,002,666
Transport		3,113,352	2,510,066	3,144,672
Economic services		497,250	459,603	376,507
Other property and services		70,000	132,309	95,632
		58,546,361	59,249,819	59,099,954
EXPENDITURE (excl. financial costs)				
General purpose funding		(259,338)	(61,383)	(7,250)
Governance		(4,457,336)	(4,341,370)	(6,573,666)
Law, order and public safety		(1,053,136)	(1,218,703)	(1,057,546)
Health		(726,621)	(802,205)	(774,564)
Education and welfare		(587,245)	(964,546)	(619,465)
Housing		(2,603,062)	(2,669,835)	(2,403,673)
Community amenities		(12,790,799)	(11,946,572)	(11,646,888)
Recreation and culture		(21,686,691)	(20,437,575)	(20,825,862)
Transport		(16,712,491)	(18,023,313)	(16,202,884)
Economic services		(949,295)	(680,835)	(788,372)
Other property and services		(99,115)	(919,467)	(732,093)
		(61,925,129)	(62,065,804)	(61,632,263)
FINANCE COSTS				
General purpose funding		(204,152)	(176,922)	(298,142)
Recreation and culture		(177,371)	(175,779)	(164,958)
		(381,523)	(352,701)	(463,100)
TOTAL		(3,760,291)	(3,168,686)	(2,995,409)
Non-operating grants, subsidies and contributions	2(a)	4,236,998	2,331,567	2,439,613
Profit/(Loss) on asset disposal	10(a)	29,694	(11,529)	35,012
Fair value adjustment to financial assets at fair value through profit or loss	5	-	2,882	20,503
Share of nett profit of associates accounted for using the equity method	23	-	(43,374)	24,974
		4,266,692	2,279,546	2,520,102
NET RESULT		506,401	(889,140)	(475,307)
OTHER COMPREHENSIVE INCOME				
Changes on revaluation of non-current assets	13	-	-	14,564,058
TOTAL OTHER COMPREHENSIVE INCOME		-	-	14,564,058
TOTAL COMPREHENSIVE INCOME		506,401	(889,140)	14,088,751

*this statement is to be read in conjunction with the accompanying notes



STATEMENT OF FINANCIAL POSITION

	Note	2019/20 Actual	2018/19 Actual
CURRENT ASSETS		\$	\$
Cash and cash equivalents	3	16,238,253	27,548,361
Trade and other receivables	6(a)	4,325,660	5,062,398
Other financial assets	5(a)	28,805,930	21,011,597
Other current assets	7	444,220	427,525
TOTAL CURRENT ASSETS		49,814,063	54,049,881
NON-CURRENT ASSETS			
Trade and other receivables	6(b)	596,084	571,556
Other financial assets	5(b)	549,720	591,717
Investment in associate accounted for using the equity method	23	36,703	80,077
Property, plant and equipment	8(a)	374,941,733	377,306,988
Infrastructure	9(a)	356,977,086	356,141,296
Intangible assets	12	645,062	810,842
TOTAL NON-CURRENT ASSETS		733,746,388	735,502,476
TOTAL ASSETS		783,560,451	789,552,357
CURRENT LIABILITIES			
Trade and other payables	14(a)	(4,805,189)	(5,089,121)
Leaseholder liability	15(a)	(27,003,565)	(26,966,474)
Borrowings	16(a)	(971,714)	(1,208,076)
Employee related provisions	17	(4,836,861)	(4,906,031)
Other liabilities	11	(465,834)	-
TOTAL CURRENT LIABILITIES		(38,083,162)	(38,169,702)
NON-CURRENT LIABILITIES			
Leaseholder liability	15(b)	(903,446)	-
Borrowings	16(a)	(6,483,805)	(7,455,519)
Employee related provisions	17	(590,666)	(318,138)
Other payables	14(b)	-	(96,361)
TOTAL NON-CURRENT LIABILITIES		(7,977,917)	(7,870,018)
TOTAL LIABILITIES		(46,061,079)	(46,039,720)
NET ASSETS		737,499,372	743,512,637
EQUITY			
Retained surplus		134,835,750	137,023,655
Reserves - cash/financial asset backed	4	35,573,691	36,112,909
Revaluation surplus	13	567,089,931	570,376,073
TOTAL EQUITY		737,499,372	743,512,637

*this statement is to be read in conjunction with the accompanying notes



STATEMENT OF CHANGES IN EQUITY

	Note	Retained Surplus	Cash Backed Reserves	Revaluation Surplus	Total Equity
		\$	\$	\$	\$
BALANCE at 1 July 2018		130,863,966	42,188,903	556,371,017	729,423,886
OTHER COMPREHENSIVE INCOME					
Net result for the period		(475,307)	-	-	(475,307)
Other comprehensive income	13	-	-	14,564,058	14,564,058
TOTAL COMPREHENSIVE INCOME		(475,307)	-	14,564,058	14,088,751
Revaluation write back on disposals	13	559,002	-	(559,002)	-
		559,002	-	(559,002)	-
Transfers to Reserves	4(a)	(4,268,854)	4,268,854	-	-
Transfers from Reserves	4(a)	10,344,848	(10,344,848)	-	-
BALANCE as at 30 June 2019		137,023,655	36,112,909	570,376,073	743,512,637
Initial application of accounting standards	29(a)	(876,448)	-	-	(876,448)
Correction of prior year error	28	(1,247,673)	-	-	(1,247,673)
Reversal of vested land valuation due to change in legislation	8(a)	-	-	(3,000,000)	(3,000,000)
Revaluation write back due to change in legislation	13	190,128	-	(190,128)	-
RESTATED TOTAL EQUITY at 1 July 2019		135,089,660	36,112,909	567,185,944	738,388,514
OTHER COMPREHENSIVE INCOME					
Net result for the period		(889,140)	-	-	(889,140)
TOTAL COMPREHENSIVE INCOME		134,200,519	36,112,909	567,185,944	737,499,372
Revaluation write back on disposals	13	96,011	-	(96,011)	-
Transfers to Reserves	4(a)	(7,345,806)	7,345,806	-	-
Transfers from Reserves	4(a)	7,885,025	(7,885,025)	-	-
BALANCE as at 30 June 2020		134,835,750	35,573,691	567,089,931	737,499,372

*this statement to be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOWS BY NATURE AND TYPE

	Note	2019/20 Budget \$	2019/20 Actual \$	2018/19 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		38,926,981	37,908,250	36,804,153
Operating grants, subsidies and contributions		1,647,921	2,494,834	1,621,842
Fees and charges		16,979,860	15,923,170	16,061,030
Interest earnings		1,510,993	1,587,496	1,973,902
Goods and services tax		3,998,386	3,597,407	3,687,124
Other receipts		730,606	858,708	1,254,630
Total Receipts		63,794,747	62,369,864	61,402,681
Payments				
Employee costs		(22,020,531)	(24,908,751)	(24,562,266)
Materials and contracts		(23,008,720)	(22,867,681)	(18,773,652)
Utility charges		(1,448,190)	(1,909,767)	(2,360,959)
Interest expenses		(381,523)	(421,120)	(474,162)
Insurance expenses		(935,000)	(990,221)	(880,405)
Goods and services tax		(3,756,234)	(3,640,199)	(3,681,765)
Other payments		(733,508)	(923,498)	(1,399,422)
Total Payments		(52,283,706)	(55,661,235)	(52,132,631)
Net Cash Flow from Operating Activities	18	11,511,041	6,708,629	9,270,050
CASH FLOWS FROM INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		4,236,998	3,582,950	1,814,613
Proceeds from sale of plant & equipment	10(a)	174,500	163,136	286,360
Payments for purchase of property, plant & equipment	8(a)	(5,380,998)	(3,462,290)	(2,537,333)
Payments for construction of infrastructure	9(a)	(10,965,438)	(9,037,866)	(9,463,413)
Net Cash Flow from Investing Activities		(11,934,938)	(8,754,070)	(9,899,773)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	16(b)	(1,208,077)	(1,208,077)	(1,593,606)
Collier Park Retirement Village net contribution		-	(307,136)	(1,923,784)
Self Supporting Loan Receipts		322,664	322,664	304,375
Net Cash Flow from Financing Activities		(885,413)	(1,192,549)	(3,213,015)
Net Increase / (Decrease) in Cash Held		(1,309,310)	(3,237,991)	(3,842,739)
Cash and Cash Equivalents at Beginning of Year		41,571,290	48,237,295	52,080,034
Cash and Cash Equivalents at End of Year	18	40,261,980	44,999,304	48,237,295
For the purpose of the Statement of Cash Flow, Cash and Cash Equivalents comprise:				
Cash and cash equivalents	3	5,098,063	16,238,253	27,548,361
Term deposits		35,163,917	28,761,051	20,688,934
Cash and Cash Equivalents at End of Year	18	40,261,980	44,999,304	48,237,295

*this statement is to be read in conjunction with the accompanying notes

RATES SETTING STATEMENT BY NATURE AND TYPE

	Note	2019/20 Budget	2019/20 Actual	2018/19 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	25(b)	1,854,624	6,741,209	4,630,735
		1,854,624	6,741,209	4,630,735
OPERATING REVENUE (excluding Rates)				
Operating grants subsidies and contributions		1,647,921	2,494,834	1,979,844
Fees and charges		16,979,860	16,046,776	16,687,684
Interest revenue		1,510,993	1,522,400	2,022,209
Other revenue		730,606	910,702	917,151
Total Operating Revenue (excluding Rates)		20,869,380	20,974,712	21,606,887
OPERATING EXPENDITURE				
Employee costs		(22,770,531)	(24,813,393)	(24,983,457)
Materials and contracts		(23,684,690)	(22,408,195)	(19,282,360)
Utility charges		(1,448,190)	(1,909,767)	(2,360,959)
Depreciation on non-current assets		(12,353,210)	(11,020,731)	(11,998,472)
Interest expenses		(381,523)	(352,701)	(463,100)
Insurance expenses		(935,000)	(990,221)	(880,405)
Other expense		(733,508)	(923,498)	(1,567,549)
Total Operating Expenditure		(62,306,652)	(62,418,505)	(61,536,302)
Operating activities excluded from budgeted deficiency				
Non-cash amounts excluded from operating activities	25(a)	12,353,210	11,172,367	11,973,277
Amount attributable to Operating Activities		(27,229,438)	(23,530,217)	(23,325,402)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	4,236,998	2,331,567	2,439,613
Proceeds from disposal of assets	10(a)	174,500	163,136	286,360
Payments for purchase of property, plant & equipment	8(a)	(5,380,998)	(3,462,290)	(2,537,333)
Payments for construction of infrastructure	9(a)	(10,965,438)	(9,037,866)	(9,463,413)
Amount attributable to Investing Activities		(11,934,938)	(10,005,454)	(9,274,773)
FINANCING ACTIVITIES				
Loan principal repayments	16(b)	(1,208,077)	(1,208,077)	(1,593,606)
Proceeds from self supporting loans		322,664	322,664	304,375
Transfers to cash backed reserves (restricted assets)	4(a)	(6,266,787)	(7,345,806)	(4,268,854)
Transfers from cash backed reserves (restricted assets)	4(a)	8,639,595	7,885,025	10,344,848
Collier Park Retirement Village Leaseholder Contribution		-	(307,136)	(2,060,496)
Unspent Grant		-	1,500	(1,500)
Amount attributable to Financing Activities		1,487,395	(651,830)	2,724,767
Budgeted deficiency before general rates		(37,676,981)	(34,187,501)	(29,875,409)
Total amount raised from general rates	24(a)	37,676,981	38,275,107	37,493,066
Surplus/(deficit) after imposition of general rates	25(b)	-	4,087,606	7,617,657

*this statement is to be read in conjunction with the accompanying notes

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

1. BASIS OF PREPARATION

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

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

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

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

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

New Accounting Standards for Application in Future Years

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

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

AASB 1059 Service Concession Arrangements: Grantors is not expected to impact the financial report.

Specific impacts of *AASB 2018-7 Amendments to Australian Accounting Standards - Materiality* have not been identified.

Critical Accounting Estimates

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

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

The Local Government Reporting Entity

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

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

As at the 30 June 2020, the City did not hold any Trust Funds.

2. REVENUE & EXPENSES

SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Recognition of revenue is dependent on the source of revenue and the associated terms and conditions associated with each source of revenue.

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that the performance obligations under contracts have been satisfied and the revenue can be reliably measured. Contract receivables and contract liabilities are recognised at stages to reflect entitlements and obligations within the agreements. The following specific recognition criteria must also be met before revenue is recognised:

Fees and charges, excluding infringements, are recognised either on the date on which the services were provided, or over the period, based on the conditions as per the City's published Fees and Charges Schedule.

Interest revenue is recognised as interest and accrued using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate (EIR), which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rental income is accounted for on a straight-line basis over the lease term.

Revenue from other services are generally recognised on the date the services are provided to the customer.

Rates revenue is recognised as income when the associated taxable event occurs (i.e. when the rate in the dollar is struck and the invoice is issued). Prepaid rates are a financial liability and not recorded as revenue until the associated taxable event occurs. Similarly, infringements are recognised as income when the associated transgression event occurs (i.e. when the infringement notice is issued).

For operating grants, subsidies and contribution, the City assessed funding agreements with grant providers to determine the accounting standard that is applicable to individual funding streams. Wherever applicable, revenue is recognised when the City satisfies sufficiently specific performance obligations. Contract receivables and contract liabilities are recognised at stages to reflect entitlements and obligations within the agreements. For funding agreements that do not contain sufficiently specific performance obligations, revenue is recognised when the City gains control of the funds.

Non-operating grants, subsidies and contributions are recognised as revenue when the City satisfies the obligations specified in the grant agreements. The City relies on percentage of completion confirmed by the project manager when evaluating the City's progress towards complete satisfaction of the obligation at the end of each reporting period.

Volunteer services are not recognised as revenue as the fair value of the services cannot be reliably estimated.

2(a). Revenue

	2019/20 Budget	2019/20 Actual	2018/19 Actual
Fees and Charges Revenue *	\$	\$	\$
General purpose funding	468,000	282,518	317,422
Law, order and public safety	106,500	188,499	128,118
Health	61,500	55,759	62,166
Housing	1,451,260	1,804,385	1,289,551
Community amenities	7,467,060	7,745,970	7,530,115
Recreation and culture	4,096,220	3,689,833	4,436,440
Transport	2,777,070	1,927,371	2,556,366
Economic services	528,250	351,433	363,387
Other property and services	24,000	1,008	4,119
Total	16,979,860	16,046,776	16,687,684
Operating grants and subsidies and contributions			
General purpose funding	483,000	974,212	886,132
Governance	-	10,000	-
Health	-	4,844	5,231
Community amenities	-	8,131	-
Recreation and culture	824,569	840,395	459,427
Transport	320,352	560,007	576,641
Other property and services	20,000	97,245	52,413
Total	1,647,921	2,494,834	1,979,844
Interest Revenue			
Municipal fund and other	280,000	416,257	542,826
Reserves fund	775,993	616,405	1,036,899
Rates instalment and penalty interest	455,000	489,739	442,484
Total	1,510,993	1,522,400	2,022,209
Other Revenue			
Miscellaneous Revenue (Including other recoveries)	578,306	773,963	798,620
Recovery - Utilities cost	152,300	136,739	118,531
Total	730,606	910,702	917,151
Non-Operating grants, subsidies and contributions			
Recreation and culture	941,498	1,259,840	114,741
Transport	3,295,500	1,071,727	2,324,872
Total	4,236,998	2,331,567	2,439,613

There were no changes to the amounts of fees and charges detailed in the original budget.

* Fees and charges revenue includes infringements of \$933,875 (2019/20) and \$948,428 (2018/19)

2(b). Expenses

	2019/20 Budget	2019/20 Actual	2018/19 Actual
Audit Remuneration	\$	\$	\$
Audit of Financial Report	85,000	63,000	56,000
Acquittal of certifications	10,000	1,200	
Total	95,000	64,200	56,000
 Interest Expenses			
Borrowings	381,523	352,701	463,100
Total	381,523	352,701	463,100
 Other Expenditure			
Sundry Expenses	648,508	717,510	1,411,937
Impairment loss trade and other receivables	85,000	205,988	155,612
Total	733,508	923,498	1,567,549

3. CASH AND CASH EQUIVALENTS

	Note	2019/20 Actual	2018/19 Actual
Cash and Cash Equivalents		\$	\$
Cash at Bank / On Hand		711,036	1,799,005
At Call / Term Deposits (less than 3 months)		15,527,217	25,749,356
Total Cash and Cash Equivalents		16,238,253	27,548,361

Restricted Cash and Financial Assets

The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

Cash and cash equivalents	7,278,474	15,425,475
Financial assets at amortised cost	28,761,051	20,688,934
	36,039,525	36,114,409

The restricted assets are a result of the following specific purposes

Reserves - cash/financial asset backed	4	35,573,691	36,112,909
Obligations from transfers for non operating grants	11	465,834	-
Unspent grants, subsidies and contributions		-	1,500
Total Restricted Assets		36,039,525	36,114,409

ANNUAL FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

4. RESERVES – CASH/FINANCIAL ASSET BACKED

	2019/20 Budget	2019/20 Actual	2018/19 Actual
Reserves - Cash/Financial assets backed	\$	\$	\$
Plant Replacement Reserve	159,195	212,163	315,984
CPV Residents Loan Offset Reserve	23,611,803	20,330,325	20,220,502
Waste Management Reserve	3,847,051	7,231,475	5,363,438
Reticulation & Pump Reserve	69,787	84,660	241,978
Information Technology Reserve	2,346	16,035	83,280
Employee Entitlement Reserve	404,854	405,092	398,116
Community Facilities Reserve	5,916,652	5,080,376	4,169,580
Underground Power Reserve	116,979	117,069	115,053
Parking Facilities Reserve	169,416	254,369	426,237
Collier Park Village Reserve	672,944	1,370,018	1,517,823
River Wall Reserve	127,987	180,306	177,201
Public Art Reserve	64,903	291,804	287,351
Railway Station Precinct Reserve	-	-	815,372
Sustainable Infrastructure Reserve	-	-	1,980,996
Total Reserve Funds	35,163,917	35,573,691	36,112,909

4(a). Reserve Funds

	2019/20 Budget	2019/20 Actual	2018/19 Actual
Plant Replacement Reserve	\$	\$	\$
Balance at 1 July	316,492	315,984	308,266
Transfers in	5,203	5,536	7,718
Funds applied	(162,500)	(109,357)	-
Balance as at 30 June	159,195	212,163	315,984
Collier Park Residents Offset Reserve			
Balance at 1 July	23,100,037	20,220,502	21,731,310
Transfers in	2,011,766	2,080,437	2,053,018
Funds applied	(1,500,000)	(1,970,614)	(3,563,826)
Balance as at 30 June	23,611,803	20,330,325	20,220,502
Waste Management Reserve			
Balance at 1 July	3,872,753	5,363,438	4,027,760
Transfers in	704,798	1,883,037	1,418,831
Funds applied	(730,500)	(15,000)	(83,153)
Balance as at 30 June	3,847,051	7,231,475	5,363,438

ANNUAL FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

	2019/20 Budget	2019/20 Actual	2018/19 Actual
Reticulation and Pump Replacement Reserve	\$	\$	\$
Balance at 1 July	241,812	241,978	235,895
Transfers in	3,975	4,240	6,083
Funds applied	(176,000)	(161,557)	-
Balance as at 30 June	69,787	84,660	241,978
Information Technology Reserve			
Balance at 1 July	68,716	83,280	1,066,934
Transfers in	1,130	255	16,346
Funds applied	(67,500)	(67,500)	(1,000,000)
Balance as at 30 June	2,346	16,035	83,280
Employee Entitlements Reserve			
Balance at 1 July	398,306	398,116	387,949
Transfers in	6,548	6,975	10,167
Funds applied	-	-	-
Balance as at 30 June	404,854	405,092	398,116
Community Facilities Reserve			
Balance at 1 July	4,776,332	4,169,580	8,197,930
Transfers in	3,190,320	2,910,790	182,635
Funds applied	(2,050,000)	(1,999,994)	(4,210,985)
Balance as at 30 June	5,916,652	5,080,376	4,169,580
Underground Power Reserve			
Balance at 1 July	115,087	115,053	112,094
Transfers in	1,892	2,016	2,959
Funds applied	-	-	-
Balance as at 30 June	116,979	117,069	115,053
Parking Facility Reserve			
Balance at 1 July	412,632	426,237	423,056
Transfers in	6,784	27,259	11,114
Funds applied	(250,000)	(199,127)	(7,933)
Balance as at 30 June	169,416	254,369	426,237
Collier Park Village Reserve			
Balance at 1 July	831,816	1,517,823	1,342,189
Transfers in	278,428	417,457	384,238
Funds applied	(437,300)	(565,262)	(208,604)
Balance as at 30 June	672,944	1,370,018	1,517,823

ANNUAL FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

	2019/20 Budget	2019/20 Actual	2018/19 Actual
Collier Park Golf Course Reserve	\$	\$	\$
Balance at 1 July	-	-	491
Transfers in	-	-	-
Funds applied	-	-	(491)
Balance as at 30 June	-	-	-
River Wall Reserve			
Balance at 1 July	125,917	177,202	172,645
Transfers in	2,070	3,105	4,557
Funds applied	-	-	-
Balance as at 30 June	127,987	180,306	177,201
Public Art Reserve			
Balance at 1 July	215,362	287,351	209,762
Transfers in	3,541	4,699	77,589
Funds applied	(154,000)	(246)	-
Balance as at 30 June	64,903	291,804	287,351
In accordance with the 2019/20 budget the below reserves were merged with the Major Community Facilities Reserve and renamed Community Facilities Reserve, resulting in zero balances.			
Railway Station Precincts Reserve			
Balance at 1 July	815,610	815,372	794,402
Transfers in	13,409	-	20,970
Funds applied	(829,019)	(815,372)	-
Balance as at 30 June	-	-	815,372
Sustainable Infrastructure Reserve			
Balance at 1 July	2,245,853	1,980,996	3,178,224
Transfers in	36,923	-	72,628
Funds applied	(2,282,776)	(1,980,996)	(1,269,856)
Balance as at 30 June	-	-	1,980,996
Total Cash Backed Reserves	35,163,917	35,573,691	36,112,909
Summary Of Cash Backed Reserves			
Balance at 1 July	37,536,725	36,112,909	42,188,903
Transfers in	6,266,787	7,345,806	4,268,854
Funds applied	(8,639,595)	(7,885,025)	(10,344,848)
Balance as at 30 June	35,163,917	35,573,691	36,112,909

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves – cash/financial assets backed.

In accordance with Council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside are on the following pages.

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).

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.

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 and Pump Replacement Reserve

This reserve was established to provide funds for the replacement of reticulation and pumps at various parks and gardens.

Information Technology Reserve

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

Employee Entitlements Reserve

This reserve was established to fund the City's long service leave requirements and is maintained by an annual contribution equivalent to the long service leave entitlements of the City's employees.

Community Facilities 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.

Underground Power Reserve

This reserve was established to accumulate funding to support the City's contribution to the undergrounding 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.

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 cost 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.

Collier Park Golf Course Reserve

This reserve was established to quarantine funds relating to the Collier Park Golf Course, to purchase plant and 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 City Policy P608.

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.

Public Art Reserve

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

In accordance with the 2019/20 budget the below reserves were merged with the Major Community Facilities Reserve and renamed Community Facilities Reserve, resulting in zero balances.

Railway Station Precincts Reserve

This 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.

Sustainable Infrastructure Reserve

This reserve was created to support the financially sustainable management of our community infrastructure including roads, drainage, paths, parks and river walls.

Reserve Fund Movements

All active reserves may have funds applied to projects or may be reimbursed from the Municipal Funds 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.

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

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 in this financial report.

5. OTHER FINANCIAL ASSETS

	2019/20 Actual	2018/19 Actual
(a) Current Assets	\$	\$
Financial assets at amortised cost	28,805,930	21,011,597
	28,805,930	21,011,597
Other financial assets at amortised cost		
Term Deposits (longer than 3 months)	28,761,051	20,688,934
Self Supporting Loans	44,879	322,663
	28,805,930	21,011,597
(b) Non-Current Assets		
Financial assets at amortised cost	371,667	416,546
Financial assets at fair value through profit/(loss)	178,053	175,171
	549,720	591,717
Financial assets at amortised cost		
Self Supporting Loans	371,667	416,546
	371,667	416,546
Financial assets at fair value through profit/(loss)		
Local Government House Trust*	178,053	175,171
	178,053	175,171
Total Other Financial Assets	29,355,650	21,603,314
*Movement in Local Government House Trust (10 units)		
Opening Balance	175,171	154,668
Adjustment for the current year	2,882	20,503
Balance as at 30 June	178,053	175,171

SIGNIFICANT ACCOUNTING POLICIES

Other Financial Assets at Amortised Cost

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

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

Financial Assets at Fair Value through Profit and Loss

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

- equity investments which the City has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and Risk

Information regarding impairment and exposure to risk can be found at Note 26.

6. TRADE AND OTHER RECEIVABLES

	2019/20 Actual	2018/19 Actual
(a) Current	\$	\$
Rates receivable	2,533,011	2,188,433
Sundry debtors	666,935	1,778,265
Pensioner rebate receivable	50,053	37,796
Underground power	8,590	11,687
ESL Debtor	308,412	255,014
Infringement Debtor	638,577	646,326
GST receivable from ATO	534,006	457,158
Allowance for impairment of receivables	(413,924)	(312,281)
Total Current	4,325,660	5,062,398
(b) Non-Current		
Pensioner rebate receivable	516,276	496,482
ESL Pensioner postpone	79,808	75,074
Total Non-Current	596,084	571,556
Total Trade and Other Receivables	4,921,744	5,633,954

SIGNIFICANT ACCOUNTING POLICIES

Trade and Other Receivables

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

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

Impairment and Risk Exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 26.

Classification and Subsequent Measurement

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

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

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

7. OTHER ASSETS

	2019/20 Actual	2018/19 Actual
Current	\$	\$
Accrued - Interest revenue reserves	127,114	148,920
Accrued - Interest revenue general	14,386	18,545
Accrued - Other revenue	45,415	-
Prepayments	257,305	260,060
Total Other Assets	444,220	427,525

SIGNIFICANT ACCOUNTING POLICIES

Other Current Assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

ANNUAL FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

8. PROPERTY, PLANT AND EQUIPMENT

8(a). Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant & equipment between the beginning and the end of the current financial year.

	Land	Buildings	Artwork	Technology	Furniture & Fittings	Mobile Plant	Plant & Equipment	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1st July 2018	273,173,000	98,774,152	1,285,847	629,567	703,827	2,707,924	777,097	378,051,414
Additions	-	1,588,882	-	237,914	-	671,146	39,391	2,537,333
(Disposals)	-	-	-	-	-	(50,351)	-	(50,351)
Reclassification	-	625,250	-	(671)	(635,250)	62,340	-	51,669
Reinstatements of Assets disposed in error	-	-	-	-	-	27,547	-	27,547
Depreciation (expense)	-	(2,048,240)	(25,718)	(208,453)	(20,287)	(943,603)	(64,323)	(3,310,624)
Carrying Amount at 30th June 2019	273,173,000	98,940,044	1,260,129	658,357	48,290	2,475,003	752,165	377,306,988
Comprises:								
Gross carrying amount	273,173,000	129,315,890	1,285,847	1,779,444	506,039	7,747,884	1,150,677	414,958,782
Accumulated Depreciation	-	(30,972,854)	(25,718)	(1,245,065)	(457,749)	(5,272,881)	(398,512)	(38,372,780)
WIP Closing Balance	-	597,008	-	123,978	-	-	-	720,986
Carrying Amount at 30th June 2019	273,173,000	98,940,044	1,260,129	658,357	48,290	2,475,003	752,165	377,306,988
Balance at 1st July 2019	273,173,000	98,940,044	1,260,129	658,357	48,290	2,475,003	752,165	377,306,988
Additions	-	1,756,353	238,491	183,714	-	520,044	763,688	3,462,290
(Disposals)	-	(76,373)	-	-	-	(15,800)	-	(92,173)
Reversal of vested land valuation due to change in legislation	(3,000,000)	-	-	-	-	-	-	(3,000,000)
Depreciation (expense)	-	(2,018,143)	(25,742)	(179,206)	(16,918)	(424,620)	(70,747)	(2,735,375)
Carrying Amount at 30th June 2020	270,173,000	98,601,881	1,472,881	662,866	31,372	2,554,628	1,445,106	374,941,733
Gross carrying amount	270,173,000	130,583,447	1,524,093	1,799,883	506,039	7,856,793	1,543,484	413,986,740
Accumulated Depreciation	-	(32,965,151)	(51,459)	(1,424,271)	(474,667)	(5,302,166)	(469,259)	(40,686,972)
WIP Closing Balance	-	983,585	246	287,253	-	-	370,881	1,641,966
Carrying Amount at 30th June 2020	270,173,000	98,601,881	1,472,881	662,866	31,372	2,554,628	1,445,106	374,941,733

8(b). Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land - Freehold land	2	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2018	Comparable sales / Price per square metre
Buildings	3	Cost approach using depreciated replacement cost adjusted for estimates of residential value, useful life, condition and pattern of consumption	Independent registered valuer	June 2018	Construction costs and current condition, residual value, remaining useful life and pattern of consumption assessments inputs
Artwork	2	Market approach using estimated value expected to be realised adjusted for condition and comparability	Independent registered valuer	June 2018	Comparison to recent sales of Artwork with similar characteristics

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of property, plant or equipment using level 2 or level 3 inputs.

There were no transfers in or out of Level 3 during the year.

Refer to Note 8 (a) for the reconciliation of the opening to closing balances of Level 3 assets.

Refer to Note 8 (a) for the fair value movements during the reporting period.

9. INFRASTRUCTURE

9(a). Movements in Carrying Amounts

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

	Infrastructure Roads	Infrastructure Footpaths	Infrastructure Drainage	Infrastructure Parks & Ovals	Infrastructure Foreshore	Infrastructure Other	Infrastructure TOTAL
	\$	\$	\$	\$	\$	\$	\$
Balance at 1st July 2018	185,608,867	41,370,250	20,677,397	67,434,934	15,681,244	10,110,144	340,882,836
Additions	3,015,564	662,662	194,692	5,390,886	179,987	19,622	9,463,413
Reclassification	10,000	-	-	-	-	-	10,000
Disposals	-	(100,816)	-	(108,824)	-	(18,904)	(228,544)
Revaluation increments/(decrements) transferred to revaluation	1,142,876	3,137,373	8,940,731	315,672	1,056,374	(28,968)	14,564,058
Depreciation (expense)	(4,474,609)	(1,161,307)	(484,329)	(1,219,951)	(794,771)	(415,500)	(8,550,467)
Carrying Amount at 30th June 2019	185,302,698	43,908,162	29,328,491	71,812,717	16,122,834	9,666,394	356,141,296
Comprises:							
Gross carrying amount	285,103,600	65,052,408	66,701,213	77,848,775	30,221,060	17,898,477	542,825,533
Accumulated Depreciation	(99,880,788)	(21,144,246)	(37,411,920)	(9,420,217)	(14,278,213)	(8,234,934)	(190,370,318)
WIP Closing Balance	79,886	-	39,198	3,384,159	179,987	2,850	3,686,080
Carrying Amount at 30th June 2019	185,302,698	43,908,163	29,328,492	71,812,717	16,122,833	9,666,393	356,141,296
Carrying Amount at 30th June 2019	185,302,698	43,908,163	29,328,492	71,812,717	16,122,833	9,666,393	356,141,296
Additions	2,938,093	1,616,816	334,916	3,572,352	206,973	368,716	9,037,866
Disposals	-	-	-	(82,500)	-	-	(82,500)
Depreciation (expense)	(4,113,602)	(1,110,964)	(679,306)	(1,297,770)	(592,560)	(325,374)	(8,119,576)
Carrying Amount at 30th June 2020	184,127,189	44,414,015	28,984,102	74,004,799	15,737,246	9,709,735	356,977,086
Gross carrying amount	287,905,766	66,602,793	67,069,700	83,932,885	30,291,403	18,192,874	553,995,422
Accumulated Depreciation	(103,994,391)	(22,255,210)	(38,091,225)	(10,626,632)	(14,870,774)	(8,560,308)	(198,398,540)
WIP Closing Balance	215,813	66,432	5,626	698,546	316,617	77,169	1,380,204
Carrying Amount at 30th June 2020	184,127,189	44,414,015	28,984,102	74,004,799	15,737,246	9,709,735	356,977,086

9(b). Fair Value Measurement

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement costs	Management valuation	June 2019	Construction costs and current condition, residual value, remaining useful life and pattern of consumption assessments inputs
Infrastructure - Drains	3	Cost approach using depreciated replacement costs	Management valuation	June 2019	Construction costs and current condition, residual value, remaining useful life and pattern of consumption assessments inputs
Infrastructure - Paths	3	Cost approach using depreciated replacement costs	Management valuation	June 2019	Construction costs and current condition, residual value, remaining useful life and pattern of consumption assessments inputs
Infrastructure - Parks	3	Cost approach using depreciated replacement costs	Management valuation	June 2019	Construction costs and current condition, residual value, remaining useful life and pattern of consumption assessments inputs
Infrastructure - Street Furniture	3	Cost approach using depreciated replacement costs	Management valuation	June 2019	Construction costs and current condition, residual value, remaining useful life and pattern of consumption assessments inputs
Infrastructure - Foreshore Assets	3	Cost approach using depreciated replacement costs	Management valuation	June 2019	Construction costs and current condition, residual value, remaining useful life and pattern of consumption assessments inputs
Infrastructure - Car Parking	3	Cost approach using depreciated replacement costs	Management valuation	June 2019	Construction costs and current condition, residual value, remaining useful life and pattern of consumption assessments inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

There were no transfers in or out of Level 3 during the year.

Refer to Note 9 (a) for the reconciliation of the opening to closing balances of Level 3 assets.

Refer to Note 9 (a) for the fair value movements during the reporting period.

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed Assets

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

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

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

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

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

The City's leased assets at 30 June 2020 were immaterial and therefore no right-of-use assets and associated liability were recognised as required by *AASB 16 Leases*.

Revaluation

The fair value of land, buildings and infrastructure are determined at least once every five years in accordance with the regulatory framework, or when Council is of the opinion that the fair value of an asset is materially different from its carrying amount. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulations*.

Regulation 17A (2)(a) requires the following non-financial assets to be shown at fair value;

- land and buildings that are classified as property, plant and equipment;
- infrastructure and
- vested improvements that the City controls.

Plant and equipment and right-of-use assets (other than vested improvements as per *Regulation 17A (2)(a)*) are shown at cost

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Vested improvements

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. See Note 1 for more information.

ANNUAL FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

10(a). Disposal of Assets

The following assets were disposed of during the year:

	Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss	Actual Net Book Value	2019/20 Actual Sale Proceeds	2019/20 Actual Profit	2019/20 Actual Loss	Actual Net Book Value	2018/19 Actual Sale Proceeds	2018/19 Actual Profit	2018/19 Actual Loss
Buildings (Gazebo)	-	-	-	-	76,365	-	-	(76,365)	-	-	-	-
Mobile Plant	144,806	174,500	29,694	-	15,800	163,136	150,305	(2,969)	22,804	286,360	263,556	-
Parks and Ovals	-	-	-	-	82,499	-	-	(82,499)	108,824	-	-	(108,824)
Footpaths	-	-	-	-	-	-	-	-	100,816	-	-	(100,816)
Street Furniture	-	-	-	-	-	-	-	-	18,904	-	-	(18,904)
Total	144,806	174,500	29,694	-	174,665	163,136	150,305	(161,833)	251,348	286,360	263,556	(228,544)

	2019/20 Actual Net Book Value	2019/20 Actual Sale Proceeds	2019/20 Actual Profit	2019/20 Actual Loss	2019/20 Total Profit/(Loss)
Buildings	\$	\$	\$	\$	\$
Recreation and culture	76,365	-	-	(76,365)	(76,365)
Mobile Plant					
Community amenities	786	23,845	23,059	-	23,059
Governance	6,801	34,145	27,344	-	27,344
General Purpose	-	17,782	17,782	-	17,782
Housing	-	3,501	3,501	-	3,501
Recreation and culture	8,213	71,367	66,123	(2,969)	63,154
Transport	-	12,496	12,496	-	12,496
Parks and Ovals					
Other property service	82,499	-	-	(82,499)	(82,499)
Total	174,665	163,136	150,305	(161,833)	(11,529)

10(b). Depreciation

Asset/Category	2019/20	2019/20	2018/19
	Budget	Actual	Actual
	\$	\$	\$
Artworks	27,635	25,742	25,718
Buildings	1,969,087	2,018,142	2,048,240
Technology	167,795	179,206	208,453
Furniture and Fittings	289,022	16,918	20,287
Mobile Plant	859,215	424,620	943,603
Plant and Equipment	120,634	70,747	64,323
Infrastructure - Roads	4,651,671	4,113,602	4,474,609
Infrastructure - Footpaths	1,152,255	1,110,964	1,161,307
Infrastructure - Drainage	480,555	679,306	484,329
Infrastructure - Parks & Ovals	1,379,142	1,297,770	1,219,951
Infrastructure - Foreshore	789,558	592,560	794,771
Infrastructure - Other	299,316	325,374	415,500
Intangible Assets	167,325	165,780	137,381
Total Depreciation	12,353,210	11,020,731	11,998,472

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

Land and work in progress are not depreciated. The depreciable amount of all other fixed assets are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

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

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

Depreciation on Revaluation

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

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

(b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation Rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Artworks	50 years
Buildings (based on components)	15 - 200 years
Plant and Equipment	10 years
Furniture and Fittings	10 years
Computer Equipment	3 - 10 years
Mobile Plant	3 - 10 years
Infrastructure - Roads	20 - 100 years
Infrastructure - Drains	up to 100 years
Infrastructure - Paths (dependent on path type)	40 - 65 years
Infrastructure - Street Furniture	30 years
Infrastructure - Parks Equipment (Based on components)	10 – 40 years
Infrastructure - Car Parking (Based on components)	25-100 years
Foreshore Assets	up to 100 years

11. OTHER LIABILITIES

	2019/20	2018/19
	Actual	Actual
Current	\$	\$
Obligations from transfers for non operating grants	465,834	-
Total Other Liabilities	465,834	-

12. INTANGIBLE ASSETS

Computer Software

	2019/20	2018/19
	Actual	Actual
	\$	\$
Non-Current		
Computer Software value	1,373,816	1,466,192
Reclassification of Assets to Technology Equipment	-	(92,376)
Less: Accumulated amortisation	(728,754)	(562,974)
	645,062	810,842

Movements in carrying amounts of computer software during the financial year are shown as follows:

Balance at 1 July	810,842	1,009,892
Reclassification of Assets to Technology Equipment	-	(61,669)
Amortisation	(165,780)	(137,381)
Carrying amount at 30 June	645,062	810,842
Total Intangible Assets	645,062	810,842

SIGNIFICANT ACCOUNTING POLICIES

Computer Software

Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the City are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software.
- it can be demonstrated how the software will generate probable future economic benefits;

- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and

- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

ANNUAL FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

13. REVALUATION SURPLUS

	2019/20 Opening Balance	2019/20 Revaluation Increment	2019/20 Revaluation Decrement	2019/20 Revaluation Movement	2019/20 Transfer to Retained Surplus	2019/20 Closing Balance	2018/19 Opening Balance	2018/19 Revaluation Increment	2018/19 Revaluation Decrement	2018/19 Revaluation Movement	2018/19 Transfer to Retained Surplus	2018/19 Closing Balance
Asset Class/Category	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	216,116,078	-	-	-	(3,000,000)	213,116,078	216,116,078	-	-	-	-	216,116,078
Artworks	916,635	-	-	-	-	916,635	916,635	-	-	-	-	916,635
Buildings	43,005,048	-	-	-	(34,368)	42,970,680	43,005,048	-	-	-	-	43,005,048
Technology Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Furniture and Fittings	30,000	-	-	-	(30,000)	-	30,000	-	-	-	-	30,000
Mobile Plant	160,128	-	-	-	(160,128)	-	274,432	-	-	-	(114,303)	160,128
Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Roads Network	186,717,370	-	-	-	-	186,717,370	185,574,494	1,142,876	-	1,142,876	-	186,717,370
Infrastructure - Path Network	35,557,417	-	-	-	-	35,557,417	32,609,412	3,137,373	-	3,137,373	(189,368)	35,557,417
Infrastructure - Drainage Network	18,422,922	-	-	-	-	18,422,922	9,482,191	8,940,731	-	8,940,731	-	18,422,922
Infrastructure - Street Furniture	791,944	-	-	-	-	791,944	953,015	-	(148,216)	(148,216)	(12,855)	791,944
Infrastructure - Parks Assets	45,682,519	-	-	-	(61,643)	45,620,876	45,609,323	315,672	-	315,672	(242,476)	45,682,519
Infrastructure - Foreshore Assets	14,533,775	-	-	-	-	14,533,775	13,477,401	1,056,374	-	1,056,374	-	14,533,775
Infrastructure - Car Parking	8,442,236	-	-	-	-	8,442,236	8,322,988	119,248	-	119,248	-	8,442,236
Total Revaluation	570,376,073	-	-	-	(3,286,138)	567,089,931	556,371,017	14,712,274	(148,216)	14,564,058	(559,002)	570,376,073

14. TRADE AND OTHER PAYABLES

	2019/20 Actual	2018/19 Actual
(a)Current	\$	\$
Accounts payable	1,933,044	2,479,043
Income in advance including prepaid rates	493,757	67,255
Accrued employee expenses	435,808	734,523
Accrued interest expense	-	68,419
Bond payables	1,632,066	1,461,603
Other payables	310,515	278,278
Total current	4,805,189	5,089,121
(b)Non-Current		
Other payables	-	96,361
Total non-current	-	96,361
Total Trade and Other Payables	4,805,189	5,185,482

SIGNIFICANT ACCOUNTING POLICIES

Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

Prepaid Rates

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

15. LEASEHOLDER LIABILITY

	2019/20 Actual	2018/19 Actual
(a) Current	\$	\$
Refundable leaseholder liability	26,724,315	26,966,474
Non refundable - Ingoing payment - Collier Park Village	279,250	-
Total current	27,003,565	26,966,474
(b) Non-Current		
Non refundable - Ingoing payment - Collier Park Village	903,446	-
Total non-current	903,446	-
Total Leaseholder Liability	27,907,011	26,966,474

SIGNIFICANT ACCOUNTING POLICIES

Leaseholder Liabilities

The City disclose the liability for monies to be refunded to outgoing residents of the Collier Park Village in the primary financial statements at their nominal values, which are 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 partially ‘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 funds.

The leaseholder liability represents the City’s obligation to repay the unit lease purchase price (less the deposit premium and refurbishment levy) paid by the 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.

Ingoing Payment

The City offers incoming residents to the Collier Park Retirement Village the option of a lease for life or a 12-month rental agreement. Residents choosing to take up the lease for life option must pay the City an Ingoing Payment (management fee) for the right to occupy the Premises. The legal basis for occupancy of the Premises is as non-owner lessee. The City recognises the Ingoing Payment as a liability in terms of an operating lease and recognises income on a systematic basis over the expected occupancy term. The occupancy term is determined based on historical average periods of occupation.

ANNUAL FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

16. INFORMATION ON BORROWINGS

16(a). Borrowings

	2019/20 Actual	2018/19 Actual
	\$	\$
Current	971,714	1,208,076
Non-Current	6,483,805	7,455,519
Total Borrowings	7,455,519	8,663,595

16(b). Repayments on Borrowings

Purpose	Institution	Interest Rate	Budget Principal 1st July 2019	2019/20 Budget Principal Repayments	2019/20 Budget Interest Repayments	Budget Principal Outstanding 30 June 2020	Actual Balance 1st July 2019	2019/20 Actual Principal Repayments	2019/20 Actual Interest Repayments	Balance 30 June 2020	Actual Balance 1st July 2018	2018/19 Actual Principal Repayments	2018/19 Actual Interest Repayments	Balance 30 June 2019
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Recreation and Culture														
227 - Collier Park Golf Course	WATC*	4.97%	2,739,607	321,918	147,185	2,417,689	2,739,607	321,919	146,821	2,417,688	3,070,797	331,190	165,856	2,739,607
Total Golf Course Loans			2,739,607	321,918	147,185	2,417,689	2,739,607	321,919	146,821	2,417,688	3,070,797	331,190	165,856	2,739,607
Total City Loans														
223 - Municipal Works	WATC*	6.22%	-	-	-	-	-	-	-	-	390,386	390,386	16,040	-
225 A - Municipal Works	WATC*	5.48%	491,882	239,219	24,414	252,663	491,882	239,219	24,343	252,663	736,694	244,812	39,556	491,882
225 B - Municipal Works	WATC*	4.02%	254,560	124,726	9,680	129,834	254,561	124,727	9,653	129,834	384,150	129,589	15,714	254,561
231 - Municipal Works	WATC*	3.21%	4,438,336	199,550	170,058	4,238,786	4,438,336	199,549	168,871	4,238,787	4,631,590	193,254	177,643	4,438,336
Total City Loans			5,184,778	563,495	204,152	4,621,283	5,184,779	563,495	202,867	4,621,284	6,142,820	958,041	248,953	5,184,779
Self Supporting Loans														
Health														
224 - South Perth Hospital	WATC*	6.15%	279,715	279,715	7,609	-	279,715	279,715	7,146	-	542,990	263,275	26,188	279,715
Recreation and Culture														
228 - South Perth Bowling Club	WATC*	4.65%	53,976	5,306	2,773	48,670	53,975	5,305	2,452	48,670	59,041	5,066	3,042	53,975
229 - South Perth Bowling Club	WATC*	4.42%	330,658	31,678	16,272	298,980	330,658	31,678	14,405	298,980	360,974	30,316	17,814	330,658
230 - South Perth Bowling Club	WATC*	4.22%	74,861	5,965	3,532	68,896	74,861	5,965	3,330	68,896	80,579	5,718	3,812	74,861
Total Self Supporting Loans	WATC*		739,210	322,664	30,186	416,546	739,209	322,664	27,333	416,546	1,043,584	304,375	50,856	739,209
Total Loans			8,663,595	1,208,077	381,523	7,455,519	8,663,595	1,208,077	377,021	7,455,519	10,257,201	1,593,606	465,665	8,663,595

16(c). Undrawn Credit Facilities

	2019/20	2018/19
	Actual	Actual
Undrawn Credit Facilities	\$	\$
Credit card limit	40,000	40,000
Credit card balance at balance date	(24,719)	(23,737)
Total amount of credit unused	15,281	16,263

SIGNIFICANT ACCOUNTING POLICIES

Financial Liabilities

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

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

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

Borrowing Costs

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

Risk

Information regarding exposure to risk can be found at Note 26.

17. EMPLOYEE RELATED PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Total
Opening Balances as at 1 July 2019	\$	\$	\$
Current Provisions	2,582,419	2,323,612	4,906,031
Non-Current Provisions	-	318,138	318,138
Total Employee Provisions 1 July 2019	2,582,419	2,641,750	5,224,169
Additional provision	1,889,155	186,204	2,075,359
Amounts used	(1,716,754)	(116,913)	(1,833,667)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	(18,968)	(19,365)	(38,334)
Balance at 30 June 2020	2,735,852	2,691,675	5,427,527
Comprises			
Current Provisions	2,735,852	2,101,009	4,836,861
Non-Current Provisions	-	590,666	590,666
Balance at 30 June 2020	2,735,852	2,691,675	5,427,527
	2019/20 Actual	2018/19 Actual	
Amounts are expected to be settled on the following basis:	\$	\$	
Less than 12 months after the reporting date	2,149,781	2,006,280	
More than 12 months from the reporting date	3,287,532	3,227,381	
Expected reimbursements from other WA LG	(9,787)	(9,492)	
Total Employee Provisions	5,427,527	5,224,169	

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

SIGNIFICANT ACCOUNTING POLICIES

Employee Benefits

Short-term Employee Benefits

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

Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

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

Other Long-term Employee Benefits

The City's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

Provisions

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

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

18. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2019/20 Budget	2019/20 Actual	2018/19 Actual
Reconciliation of Cash	\$	\$	\$
Cash at Bank / On Hand	5,098,063	711,036	1,799,005
Cash Equivalents at call/term deposits (less than 3 months)	-	15,527,217	25,749,356
Cash and Cash Equivalents	5,098,063	16,238,253	27,548,361
Other Financial Assets - Term Deposits	35,163,917	28,761,051	20,688,934
Total Cash and Cash Equivalents and Financial Assets	40,261,980	44,999,304	48,237,295

Reconciliation of Net Cash provided by Operating Activities to Net Result

Net result	506,401	(889,140)	(475,307)
------------	---------	-----------	-----------

Non-cash flows in Net result:

Fees and Charges			(136,712)
Depreciation and amortisation	12,353,210	11,020,731	11,998,472
(Profit)/Loss on Sale of Assets	(29,694)	11,529	(35,012)
Share of profit of Associates accounted for using the equity	-	43,374	(24,974)
Adjustment to Financial Assets at Fair Value	-	(2,882)	(20,503)
Work in Progress Expensed			559,060

Non-operating items:

Non operating grants, subsidies and contribution	(4,236,998)	(2,331,567)	(2,439,613)
--	-------------	-------------	-------------

Changes in Operating Assets and Liabilities during Year

(Increase)/decrease in current receivables	1,417,152	(718,264)	(1,063,463)
(Increase)/decrease in Inventory	(16,500)	-	6,793
(Increase)/decrease in prepayments	-	2,756	(44,689)
(Increase)/decrease in accrued income	-	185,553	(48,307)
Increase/(Decrease) in current payables	767,470	478,351	(959,688)
Increase/(Decrease) in income in advance	-	14,506	(19,607)
Increase/(Decrease) in accrued expenses	-	(1,399,242)	(32,986)
Increase/(Decrease) in current provisions	750,000	(69,170)	519,040
Increase/(Decrease) in other payables	-	39,995	51,137
Increase/(Decrease) in bond payables	-	170,463	1,461,603
(Increase)/Decrease in non current receivables	-	(24,528)	(45,631)
Increase/(Decrease) in non current other payables	-	(96,363)	96,361
Increase/(Decrease) in non current provisions	-	272,528	(75,925)
Net cash from operating activities	11,511,041	6,708,629	9,270,050

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Function/Activity	2019/20	2018/19
	Actual	Actual
	\$	\$
General Purpose Funding	54,018,740	59,700,293
Governance	27,238,612	27,555,889
Law, Order and Public Safety	1,444,797	1,473,097
Education and Welfare	2,507,184	2,451,631
Welfare	8,636,112	8,639,777
Health	20,580	25,022
Housing	23,501,926	24,128,885
Community Amenities	16,669,250	16,978,274
Recreation and Culture	251,922,412	254,968,097
Transport	318,347,454	319,767,953
Economic Services	115,058	105,933
Other Property and Services	79,138,327	73,757,506
Total Assets	783,560,451	789,552,357

20. CONTINGENT LIABILITIES

The City has no contingent liabilities at the reporting date.

21. CAPITAL COMMITMENTS

Contracted for:	2019/20	2018/19
	Actual	Actual
	\$	\$
not later than one year	2,027,917	3,549,793
Total Capital Commitments	2,027,917	3,549,793

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.

22. RELATED PARTY TRANSACTIONS

22(a). Elected Members Remuneration and Expenditure (Key Management Personnel)

	2019/20 Budget	2019/20 Actual	2018/19 Actual
Elected Members Remuneration (Short term benefit)	\$	\$	\$
The following fees, expenses and allowances were paid to council members and/or the Mayor			
Mayoral allowance	63,400	65,269	61,859
Deputy mayoral allowance	16,600	15,709	15,682
Councillors -meeting attendance fees	216,989	216,803	211,008
Telephone and data charges	31,500	30,686	30,916
	328,489	328,467	319,465
Elected Members Expenditure			
Insurance	35,000	33,358	53,629
Training and Conferences	30,000	34,077	24,146
Election Expenses	140,000	134,536	-
Subscriptions	55,000	35,098	48,998
Depreciation	4,000	3,494	17,144
Other Elected Member's expenditure	61,500	65,145	81,972
	325,500	305,708	225,889
Total other Elected Member's expenditure	653,989	634,175	545,354

22(b). Senior Officers Remuneration (Key Management Personnel)

	2019/20 Actual	2018/19 Actual
Senior Officer Remuneration (KMP) Disclosure	\$	\$
The total of remuneration paid to KMP of the City during the year are as follows:		
Short-term employee benefits	840,987	832,074
Post-employment benefits	111,272	103,850
Other long-term benefits	101,346	99,488
	1,053,605	1,035,412

SIGNIFICANT ACCOUNTING POLICIES

Short-term Employee Benefits

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

Post-Employment Benefits

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

Other Long-term Benefits

This represents benefits not expected to be wholly settled within 12 months of the reporting period.

Termination Benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

22(c). Related Parties

The City's main related parties are as follows:

i. *Key management personnel*

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

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

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence.

Significant influence may be gained by share ownership, statute or agreement.

iii. *Associates accounted for under the equity method*

The City has an interest in the Rivers Regional Council, which is accounted for in these financial statements using the equity method. For details of interests held in Associates, refer to Note 23.

The City's interest in the Rivers Regional Council is based on the tonnes of waste delivered during the previous financial year, which is included in the financial statements. The percentage interest for year on year tonnage contributions (from the Cities of Armadale, Gosnells, Mandurah, South Perth and the Shires of Serpentine Jarrahdale and Murray) was 11.48% representing an interest of \$36,703 (2019: 11.97% and \$80,077). The total contribution paid to Rivers Regional Council during the year were \$0.

iv. *Related Parties accounted for under the equity method*

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 \$178,053 (2019: 1.61% and \$175,171), refer to Note 5.

Transactions with related parties

Transactions between the City and related parties in the ordinary course of business are undertaken at arm's length, and are no more favourable than those available to other parties and 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 disclosure.

23. INVESTMENT IN ASSOCIATE

	2019/20 Actual	2018/19 Actual
Equity share in Associates - Rivers Regional Council	\$	\$
Opening Balance (11.97% share of Net Assets of \$668,983)	80,077	55,103
Adjustment for the current period	(43,374)	24,974
Balance as at 30 June (11.48% of Net Assets of \$319,709)	36,703	80,077

SIGNIFICANT ACCOUNTING POLICIES

Investment in Associates

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

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

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

ANNUAL FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

24. RATING INFORMATION

24(a). Rates

RATE TYPE	Rate in	Number of Properties	2019/20 Rateable Value	2019/20 Actual Rate Revenue	2019/20 Actual Interim Rates	2019/20 Total Revenue	2019/20 Budget Rate Revenue	2019/20 Budget Interim Rates	2019/20 Budget Total Rates	2018/19 Actual
	\$		\$	\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate										
Gross rental valuations										
Residential	0.067278	17,952	467,566,859	31,456,963	-	31,456,963	31,458,030	-	31,458,030	31,075,876
Interim rates		-	-	-	749,193	749,193	-	150,000	150,000	415,989
Commercial	0.067278	675	63,391,314	4,264,841	-	4,264,841	4,264,841	-	4,264,841	3,792,420
Sub Totals		18,627	530,958,173	35,721,804	749,193	36,470,997	35,722,871	150,000	35,872,871	35,284,285
Minimum										
Minimum payment										
Gross rental valuations										
Residential	994	1,745	23,514,335	1,734,530	-	1,734,530	1,734,530	-	1,734,530	1,727,905
Commercial	994	70	852,764	69,580	-	69,580	69,580	-	69,580	68,880
Sub Totals		1,815	24,367,099	1,804,110	-	1,804,110	1,804,110	-	1,804,110	1,796,785
		20,442	555,325,272	37,525,914	749,193	38,275,107	37,526,981	150,000	37,676,981	37,081,070
Discounts/concessions						-			-	-
Total amount raised from general rates						38,275,107			37,676,981	37,081,070
Rates in advance						-			-	411,996
Total Rates						38,275,107			37,676,981	37,493,066

24(b). Interest Charges and Instalments

The following instalment options were available to ratepayers for the payment of rates and services charges:

Instalment Options	Date Due	Instalment	Instalment	Unpaid
		Plan Admin	Plan Interest	Rates Interest
		Charge	Rate	Rate
		\$	%	%
Option One				
Single Full Payment	28th August 2019	0.00	0.0%	0.0%
Option Two				
First Instalment	28th August 2019	0.00	0.0%	0.0%
Second Instalment	6th November 2019	10.00	5.5%	11.0%
Option Three				
First Instalment	28th August 2019	0.00	0.0%	0.0%
Second Instalment	6th November 2019	10.00	5.5%	11.0%
Third Instalment	8th January 2020	10.00	5.5%	11.0%
Fourth Instalment	11th March 2020	10.00	5.5%	11.0%

	2019/20	2019/20	2018/19
	Budget	Actual	Actual
	\$	\$	\$
Instalment plan admin charge revenue	150,000	150,072	145,511
Instalment plan interest earned	185,000	171,640	172,467
Unpaid rates and service charge interest earned	270,000	318,099	270,017
Total	605,000	639,811	587,995

25. RATE SETTING STATEMENT INFORMATION

25(a). Non-cash amounts excluded from operating activities

	2019/20 Budget (30 June 2020)	2019/20 (30 June 2020)	2019/20 (1 July 2019)	2018/19 (30 June 2019)
Note	Carried Forward	Carried Forward	Brought Forward	Carried Forward
Non-cash amounts excluded from operating activities	\$	\$	\$	\$
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 36</i>				
Adjustments to operating activities				
Movement: in Retention (non-current)	-	96,363	(96,361)	(96,361)
Movement: in pensioner deferred rates (non-current)	-	24,529	45,631	45,631
Movement: in employee benefit provisions (non-current)	-	(272,528)	75,925	75,925
Add: Depreciation on non-current assets	10(b) (12,353,210)	(11,020,731)	(11,998,472)	(11,998,472)
Non cash amounts excluded from operating activities	(12,353,210)	(11,172,367)	(11,973,277)	(11,973,277)

25(b). Surplus/(deficit) after imposition of general rates

	2019/20 Budget (30 June 2020)	2019/20 (30 June 2020)	2019/20 (1 July 2019)	2018/19 (30 June 2019)
Note	Carried Forward	Carried Forward	Brought Forward	Carried Forward
Surplus / (deficit) after imposition of general rates	\$	\$	\$	\$
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 36</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserves - cash/financial asset backed	4 (35,163,917)	(35,573,691)	(36,112,909)	(36,112,909)
Less: Financial assets at amortised cost - self supporting loans	5(a) (387,303)	(44,879)	(322,663)	(322,663)
Grants	-	-	(1,500)	(1,500)
Add: Current liabilities not expected to be cleared at end of year				
current portion of borrowings	16(a) 1,080,784	971,714	1,208,076	1,208,076
current portion of lease holder liabilities	15(a) 27,066,665	26,724,315	26,966,474	26,966,474
current portion of ingoing payment	15(a) -	279,250	298,666	-
Total adjustments to net current assets	(7,403,771)	(7,643,293)	(7,963,855)	(8,262,521)
Net current assets used in the Rate Setting Statement				
Total current assets	42,342,307	49,814,063	54,049,882	54,049,882
Less: Total current liabilities	(34,938,536)	(38,083,162)	(39,344,818)	(38,169,703)
Less: Total adjustments to net current assets	(7,403,771)	(7,643,293)	(7,963,855)	(8,262,521)
Total net current assets used in the Rate Setting Statement	-	4,087,606	6,741,209	7,617,657

25(c). Adjustments to current assets and liabilities at 1 July 2019

	2019/20 Budget (30 June 2020)	2019/20 (30 June 2020)	2019/20 (1 July 2019)	2018/19 (30 June 2019)
Note	Carried Forward	Carried Forward	Brought Forward	Carried Forward
	\$	\$	\$	\$
Total current assets at 30 June 2019	-	-	-	54,049,882
Contract assets	-	-	-	-
Total current assets at 1 July 2019	-	-	-	54,049,882
Total current liabilities at 30 June 2019	-	-	-	(38,169,704)
Correction of prior year error	-	-	-	(298,666)
Initial application of accounting standards	29(a)	-	-	(876,448)
Total current liabilities at 1 July 2019	-	-	-	(39,344,818)

26. FINANCIAL RISK MANAGEMENT

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

The City held the following financial instruments at balance date:

	Carrying Value 2019/20	Carrying Value 2018/19
Financial Assets	\$	\$
Cash and Cash equivalents	16,238,253	27,548,361
Financial Assets measured at amortised cost	34,099,341	27,062,097
Financial Assets measured at fair value through profit and loss	178,053	175,171
Total Financial Assets	50,515,647	54,785,629
Financial Liabilities		
Financial Liabilities measured at amortised cost	38,985,022	40,815,551
Total Financial Liabilities	38,985,022	40,815,551

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

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

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

26(a). Interest Rate Risk

Cash and Cash Equivalents

The City's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the City to cash flow interest rate risk. The City does not have an overdraft facility.

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

ANNUAL FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

and term deposits held disclosed as financial assets at amortised cost are reflected in the table below:

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
		\$	\$	\$	\$
30 June 2020					
Cash and cash Equivalents	0.24%	711,036	-	706,146	4,890
At Call/Term Deposits (less than 3 months)	1.03%	15,527,217	14,326,142	1,201,076	-
Financial assets at amortised cost - term deposits	1.56%	28,761,051	28,761,051	-	-
Total		44,999,304	43,087,192	1,907,222	4,890
30 June 2019					
Cash and cash Equivalents	0.19%	1,799,005	-	1,794,415	4,590
At Call/Term Deposits (less than 3 months)	2.08%	25,749,356	21,146,706	4,602,651	-
Financial assets at amortised cost - term deposits	2.53%	20,688,934	20,688,934	-	-
Total		48,237,294	41,835,640	6,397,066	4,590

Sensitivity

As most of the City's Cash and Cash Equivalents are invested in short term deposits with fixed interest rates the City's exposure is limited only to those deposits that are at call with variable interest rates. These deposits are minimal and are available only for a short duration of time before being used to meet the City's day to day obligations. This coupled with the current low interest rates mean the City's risk exposure is very minimal.

Borrowings

Borrowings are subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs.

The City manages this risk by borrowing long terms and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The City does not consider there to be any interest rate risk in relation to borrowings.

Details of interest rates applicable to each borrowing can be found at Note 16.

26(b). Credit Risk

Trade and Other Receivables

The City's major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk, that is the risk that the debts may not be repaid. The City manages this risk by monitoring outstanding debt and employing debt recovery policies.

Credit risk on rates and annual charges is minimised by the ability of the City to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The City is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourage payment. The City adopted policy P697 Financial Hardship Assistance as a mechanism to assist those willing but unable to pay their rates when it falls due.

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

No expected credit loss was forecast for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed to recover unpaid rates.

The loss allowance for sundry receivables and infringements receivable was determined as follows and takes into account the impact of COVID-19.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	\$	\$	\$	\$	\$
30 June 2020					
Sundry receivables and infringements					
Expected credit loss	0.00%	0.00%	0.00%	57.98%	31.71%
Gross carrying amount	277,513	249,366	64,704	713,929	1,305,511
Loss allowance	-	-	-	413,924	413,924
30 June 2019					
Sundry receivables and infringements					
Expected credit loss	0.00%	0.00%	0.00%	51.95%	12.88%
Gross carrying amount	1,680,583	110,719	32,151	601,138	2,424,591
Loss allowance	-	-	-	312,281	312,281

26(c). Liquidity Risk

Payables and Borrowings

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

Financial assets utilised to minimise the City’s liquidity risk are term deposits (disclosed in Notes 3 and 5). The maturity profiles of these term deposits are planned for and scheduled taking into account the City’s expectation of cash inflows generated from trade and other receivables. Thereby ensuring adequate liquidity is maintained to meet the City’s payment obligations as and when they fall due.

Payment terms can be extended if required.

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

	Due within 1 year	Due within 1 to 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
30 June 2020					
Payables	4,805,189	-	-	4,805,189	4,805,189
Borrowings	1,296,223	3,561,990	4,614,128	9,472,340	7,455,519
Refundable leaseholder liability	26,724,315	-	-	26,724,315	26,724,315
Total	32,825,727	3,561,990	4,614,128	41,001,844	38,985,023

30 June 2019					
Payables	5,089,121	96,361	-	5,185,482	5,185,482
Borrowings	1,617,159	3,944,528	5,535,845	11,097,532	8,663,595
Refundable leaseholder liability	26,966,474	-	-	26,966,474	26,966,474
Total	33,672,754	4,040,889	5,535,845	43,249,488	40,815,551

27. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There have been no significant events after the reporting period that are required to be included in the 2019/20 Annual Financial Report.

28. CORRECTION OF PRIOR YEAR ERROR

The City offers incoming residents to the Collier Park Retirement Village the option of a lease for life or 12-month rental agreement. Residents choosing to take up the lease for life option must pay the City an Ingoing Payment (management fee) for the right to occupy the Premises. The legal basis for occupancy of the Premises is as non-owner lessee. Effective 1 July 2019 the City changed the method of recognition of these payments. Previously the City recognised the total Ingoing Payment as revenue in the year received, from 1 July 2019 the City recognises the Ingoing Payment as a liability in terms of an operating lease and recognises income on a systematic basis over the expected occupancy term. The occupancy term is determined based on historical average periods of occupation. The City did not restate the prior year comparative as this adjustment is immaterial.

Leaseholder Liabilities

	Initial Carrying amount		Restated Carrying amount
	1 July 2019	Adjustment	1 July 2019
	\$	\$	\$
Leaseholder Liability			
Leaseholder Liability	26,966,474	1,247,673	28,214,147
Adjustment to retained surplus	137,023,655	(1,247,673)	135,775,982

29. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

29(a). AASB 15: Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers replaces AASB 118 Revenue for annual reporting periods on or after 1 January 2019. Under the new model, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer and is based upon the transfer of risks and rewards.

AASB 15 focusses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contract with customers. Revenue is recognised by applying the following five steps:

- identifying contracts with customers;
- identifying separate performance obligations;
- determining the transaction price of the contract;
- allocating the transaction price to each of the performance obligations;
- recognising revenue as each performance obligation is satisfied.

Revenue is recognised either over the time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

In addition, income other than from contracts with customers are subject to AASB 1058 Income of Not-for-profit Entities. Income recognition under AASB 1058 depends on whether such a transaction gives rise to liabilities or a contribution by owners related to an asset (such as cash or another asset) recognised by the City.

The City adopts the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information is restated under the approach, and the City recognises the cumulative effect of initially applying the Standard as an adjustment to the opening balance of accumulated deficit at the date of initial application (1 July 2019).

Refer to note 2 – Revenue Recognition policy adopted 1 July 2019.

The effect of adopting AASB 15 and AASB 1058 as at 1 July 2019 are as follows:

	AASB 118 & AASB 1004 carrying amount 30 June 2019	- Reclassification	AASB 1058 carrying amount 1 July 2019
	\$	\$	\$
Trade and Other Payables			
Rates paid in advance	-	(411,996)	(411,996)
Other Liabilities			
Obligations from transfers from non operating grants	-	(464,452)	(464,452)
Total Adjustment to retained surplus from adoption of AASB 1058	-	(876,448)	(876,448)

29(b). Statements

		As reported under AASB 15 and AASB 1058 30 June 2020	Adjustment due to application of AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004 30 June 2020
STATEMENT OF COMPREHENSIVE INCOME				
REVENUE	Note	\$	\$	\$
Rates revenue	24(a)	38,275,107	454,672	38,729,779
Non-operating grants, subsidies and contributions	2(a)	2,331,567	237,680	2,569,247
Net Result		(889,140)	692,352	(196,788)
STATEMENT OF FINANCIAL POSITION				
Trade and other payables	14	(4,805,189)	226,518	(4,578,671)
Obligations from transfers for non operating grants	11	(465,834)	465,834	-
Net Assets		737,499,372	692,352	738,191,724
STATEMENT OF CHANGES IN EQUITY				
Net Result		(889,140)	692,352	(196,788)
Retained Surplus		134,835,750	692,352	135,528,102

30. OTHER SIGNIFICANT ACCOUNTING POLICIES

OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

b) Current and Non-Current Classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the City's operational cycle. In the case of liabilities where the City does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months.

c) Rounding off Figures

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

d) Comparative Figures

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

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

e) Budget Comparative Figures

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

**OTHER SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

f) Superannuation

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

g) Fair Value of Assets and Liabilities

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

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

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

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.

h) 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.

i) Valuation Techniques

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

Market Approach

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

Income Approach

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

**OTHER SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Cost Approach

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

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

j) Impairment of Assets

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

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

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

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

k) Critical Accounting Estimates

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

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.

l) 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 service areas.

31. ACTIVITIES/PROGRAMS

City operations as disclosed in these financial statements encompass the following service oriented activities/programs:

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS	
OBJECTIVE	ACTIVITIES
<p>GOVERNANCE</p> <p>To provide a decision-making process for the efficient allocation of scarce resources.</p>	<p>The programme reflects the statutory element of local government operations including Council Member support, community consultation and involvement, statutory reporting, compliance and accountability.</p>
<p>GENERAL PURPOSE FUNDING</p> <p>To collect revenue to allow for the provision of services.</p>	<p>Rates, general purpose government grants and interest revenue.</p>
<p>LAW, ORDER, PUBLIC SAFETY</p> <p>To provide services to help ensure a safer and environmentally conscious community.</p>	<p>This programme embraces parking management, animal control, fire prevention and Safer Cities.</p>
<p>HEALTH</p> <p>To provide an operational framework for environmental and community health.</p>	<p>The health programme includes food premises inspections pest control, environmental health administration, and operation and maintenance of the buildings and grounds of child health centres.</p>
<p>EDUCATION AND WELFARE</p> <p>To provide services to disadvantaged persons, the elderly, children and youth.</p>	<p>The education programme includes the maintenance of pre-school facilities including the operating costs for utilities, building maintenance and grounds maintenance for each of these facilities.</p> <p>The welfare programme includes the operation and maintenance of the buildings and grounds of senior citizens' centres located at Manning and South Perth which represent the major components of this programme.</p> <p>Also included are staff costs for coordinators at the centre and other voluntary services.</p>
<p>HOUSING</p> <p>To provide and maintain elderly residents housing.</p>	<p>The largest single component of this programme 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.</p>
<p>COMMUNITY AMENITIES</p> <p>To provide services required by the community.</p>	<p>This programme includes household rubbish collection services, recycling collections and operation of the waste transfer station. The other major component of the Community Amenities programme is administration of the town planning scheme and orderly planning of the district.</p>

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS (CONTINUED)

OBJECTIVE

ACTIVITIES

RECREATION AND CULTURE

To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.

This programme includes operation and maintenance of our halls and recreation centre. The operation of two libraries and a local studies facility fall within this programme which also includes the maintenance and upkeep of sporting and passive reserves, sporting pavilions and public facilities. Another major component of the revenue stream for this programme is the operation of a 27-hole golf course at Collier Park. The City of South Perth community events forms part of the Recreation & Culture programme as do activities associated with supporting community and cultural organisations.

TRANSPORT

To provide safe, effective and efficient transport services to the community.

The transport programme includes the maintenance and rehabilitation of roads, drainage works, 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

To help promote the local government and its economic wellbeing.

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

OTHER PROPERTY AND SERVICES

To monitor and control operating accounts.

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

32. FINANCIAL RATIOS

	2019/20	2018/19	2017/18
Ratios	Actual	Actual	Actual
Current Ratio	0.86	1.03	0.85
Asset Consumption Ratio	0.66	0.67	0.72
Asset Renewal Funding Ratio	1.09	1.00	1.00
Asset Sustainability Ratio	1.03	1.01	1.22
Debt Service Cover Ratio	5.22	4.64	4.64
Operating Surplus Ratio	(0.06)	(0.05)	(0.06)
Own Source Revenue Coverage Ratio	0.91	0.93	0.91

The above ratios have been calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

THIS PAGE INTENTIONALLY LEFT BLANK





We hope you enjoyed reading our Annual Financial Report for 2019/20 and invite you to provide feedback by emailing enquiries@southperth.wa.gov.au

Annual Report 2019/20 supplied as a separate document.

USEFUL CONTACTS

Civic Centre

9474 0777

Cnr Sandgate St & South Tce,
South Perth WA 6151

Fax 9474 2425

enquiries@southperth.wa.gov.au

southperth.wa.gov.au

Recycling Centre

9474 0970

Hayman Rd & Thelma St, Como
enquiries@southperth.wa.gov.au

Animal Care Facility

9474 0777

199 Thelma St, Como

George Burnett Leisure Centre

9474 0855

Manning Rd, Karawara
leisurecentre@southperth.wa.gov.au

South Perth Library

9474 0800

Cnr Sandgate St & South Tce, South Perth
southperthlib@southperth.wa.gov.au

Manning Library

9474 0822

2 Conochie Cres, Manning
manninglib@southperth.wa.gov.au

Old Mill

9367 5788

Melville Pl, South Perth
oldmill@southperth.wa.gov.au

South Perth Senior Citizens

9367 9880

53 Coode St, South Perth
spsc@bigpond.com

Manning Senior Citizens

9450 6273

3 Downey Dr (off Ley St), Manning
manningseniors@bigpond.com

Graffiti Hotline 1800 007 774

Collier Park Golf Course

9484 1666

Hayman Rd, Como
collierparkgolf.com.au

Collier Park Village

9313 0200

16 Morrison St, Como

9474 0777 | enquiries@southperth.wa.gov.au

[#discoversouthperth](https://www.facebook.com/discoversouthperth) | southperth.wa.gov.au

