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City of Cockburn  
Audit & Strategic Finance Committee  
**Minutes**

For Thursday, 25 November 2021

These Minutes are confirmed

Presiding Member's signature

A handwritten signature in black ink, appearing to read "K. Tall", is written above a horizontal blue line.

Date:

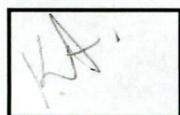
27/APRIL/2022



# CITY OF COCKBURN

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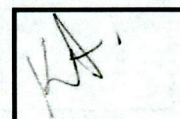


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## CITY OF COCKBURN

### Minutes

### Audit & Strategic Finance Committee Thursday, 25 November 2021

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#### PRESENT

#### ELECTED MEMBERS

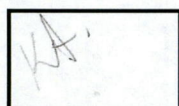
Mr K Allen	-	Councillor (Presiding Member)
Mr M Separovich	-	Councillor
Ms P Corke	-	Councillor
Mr T Dewan	-	Councillor
Mr G Geen	-	Independent Member

#### IN ATTENDANCE

Mr T Brun	-	Chief Executive Officer
Mr D Arndt	-	Chief of Built and Natural Environment
Mrs G Bowman	-	Chief of Community Services
Mr S Downing	-	Chief Financial Officer
Mr A Lees	-	Chief of Operations
Mr D Green	-	Executive Governance and Strategy
Ms J Iles	-	Executive People Experience and Transformation
Ms V Green	-	Executive Corporate Affairs
Ms E Milne	-	Executive Governance and Strategy
Mr N Mauricio	-	Head of Finance
Ms S Ng	-	Accounting Services Manager
Mr J Fiori	-	Risk and Governance Advisor
Mrs B Pinto	-	Governance Officer
Mrs S D'Agnone	-	Council Minute Officer

#### GUESTS

Mr S Hoar	-	Director, Financial Audit, Office of the Auditor General for Western Australia
Ms Yi Tah	-	Office of the Auditor General for Western Australia
Mr M Beevers	-	Partner, KPMG Australia
Hayden Rutters	-	KPMG Australia





## 1. Declaration of Meeting

The Chief Executive Officer declared the meeting open at 6pm.

“Kaya, Wanju Wadjuk Budjar” which means “Hello, Welcome to Wadjuk Land”

The Presiding Member acknowledged the Nyungar People who are the traditional custodians of the land on which the meeting is being held and pay respect to the Elders of the Nyungar Nation, both past and present and extend that respect to Indigenous Australians who are with us tonight.

## 2. Appointment of Presiding Member (If required)

The Chief Executive Officer advised that two nominations for the position of Presiding Member had been received, one each from Cr Dewan and Cr Allen, and invited any further nominations. No further nominations were forthcoming.

The Chief Executive Officer conducted a ballot for the position of Presiding Member.

After voting was complete and the ballots were counted, the Chief Executive Officer announced the results:

Cr Dewan: 1 vote

Cr Allen: 4 votes

The Chief Executive Officer declared Cr Allen as Presiding Member of the Audit and Strategic Finance Committee.

Cr Allen assumed the role of Presiding Member.

## 3. Disclaimer (To be read aloud by Presiding Member)

Members of the public, who attend Council Meetings, should not act immediately on anything they hear at the Meetings, without first seeking clarification of Council's position. Persons are advised to wait for written advice from the Council prior to taking action on any matter that they may have before Council.

## 4. Acknowledgement of Receipt of Written Declarations of Financial Interests and Conflict of Interest (by Presiding Member)

Nil

## 5. Apologies and Leave of Absence

Cr C Terblanche - Absent

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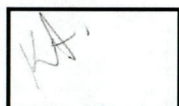




## 6. Public Question Time

**Anthony Certoma, Coogee**

- Q1. What assurance does the Audit and Strategic Finance Committee have that the City's governance review will adequately address the issues raised by the Report into The Inquiry of the City of Cockburn?
- A1. The Executive Governance and Strategy advised the question does not relate to a function of this Committee.
- Q2. Will management that have been named in the Inquiry Report be involved in the review process?
- A2. The Executive Governance and Strategy advised the question does not relate to a function of this Committee.
- Q3. How can residents be satisfied that there is real, independent oversight of how Council is managed in the future?
- A3. The Executive Governance and Strategy advised the question does not relate to a function of this Committee.
- Q4. Given the City's issues in recent years and the Risk Management Plan stating there is no appetite for non-compliance risk and specific governance risks that have occurred, why is the City not ensuring there is an annual external review of the Compliance Audit Return?
- A4. The Risk and Governance Advisor advised the 2020 Compliance Audit Return (CAR) was subjected to an Independent External Validation. An Independent External Validation is also envisaged for the 2021 CAR.
- Q5. Wouldn't this provide greater assurance that the most obvious governance issues are not occurring or re-occurring?
- A5. The Risk and Governance Advisor advised that Independent External Validation of the annual CAR is one way of providing assurance. The Department of Local Government, Sport and Cultural Industries reviews submitted CARs and may independently conduct its own audit.
- Q6. How does the Strategic Internal Audit Plan align with the Risk Register?
- A6. The Risk and Governance Advisor advised the Strategic Internal Audit Plan is based on the City's audit-risk universe using a risk-based methodology, including input and collaboration with the Senior Leadership Team, Risk Review Group, Audit and Strategic Finance Committee members, and external audit.
- Q7. For example, Risk 2, Technology use and change is rated as substantial. Therefore, wouldn't one's expectation be annual IT Security audits?
- A7. The Head of Finance advised the Information and Technology Business Unit runs an ongoing City-wide Cyber Security Awareness Program to increase cyber security awareness to all City staff.





In addition, in the past 12 months, the Information and Technology Business Unit has conducted the following security audits:

- External ISO 27001 gap assessment: international standard for information security
- External network segmentation assessment
- External penetration testing (conducted yearly)
- Internal vulnerability assessments.

Q8. What assurance do you have that the existing controls listed in the Risk Register are working effectively?

A8. The Risk and Governance Advisor advised the City's Risk Register is enabled by RMSS, a licensed online Enterprise Risk Management (ERM) software solution. The City's ERM system is aligned to the Australian Standard AS ISO 31000:2018 *Risk Management-Guidelines* (AS ISO 31000).

Risks are identified through the City's ERM system and undergo risk assessments which include risk analysis, and evaluation of controls and risk treatment available. In compliance with AS ISO 3100, controls are monitored for effectiveness. RMSS regularly sends email alerts to risk owners and managers requiring them to monitor and update risk control effectiveness.

Q9. Which department or area oversees the internal audit program?

A9. The Risk and Governance Advisor responded the Governance, Risk and Compliance Services within the Governance and Strategy Division.

Q10. What is the annual budget for internal audits?

A10. The Risk and Governance Advisor responded \$50,000.

Q11. Who manages this budget?

A11. The Risk and Governance Advisor responded the Risk and Governance Advisor.

Q12. What are the total internal audit hours for 2020-2022?

A12. The Risk and Governance Advisor responded approximately 98 hours.

Q13. What is the time allocated for each audit?

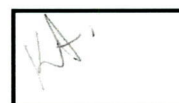
A13. The Risk and Governance Advisor advised the Privacy Impact Assessment Audit: approximately 70 hours, and the Compliance Audit Return Independent External Validation: approximately 8 hours.

Q14. Are there additional hours allocated for ad-hoc audits that may be required?

A14. The Risk and Governance Advisor advised the Internal Audit Plan is flexible, and emerging risks that may require priority investigating and auditing can be incorporated ad hoc into the Audit Plan.

Q15. Who agrees the scope and objectives of engagements?

A15. The Risk and Governance Advisor advised the Terms of Reference (TOR) are drafted by the Risk and Governance Advisor, including an internal review of the draft TOR by City subject matter experts, in accordance with the audit subject and then approved by the Executive.





They are either signed off by the Audit Committee or are in line with the Internal Audit Plan submitted to the Audit and Strategic Finance Committee. The City undertakes an Expression of Interest/RFT from pre-qualified suppliers. Once an external independent auditor is appointed, the TORs are reviewed and discussed with the selected auditor. A final audit scope is agreed by both parties prior to commencing the audit.

Q16. Has there been consideration to spread the Financial Management Review areas across three years?

A16. The Head of Finance advised Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* requires the CEO to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every three financial years). This requirement had previously been once in every four years, until amended in 2018. This was to align with similar requirements under the *Local Government (Audit) Regulations 1996* for the CEO to review systems and procedures for risk management, internal control, and legislative compliance.

This had previously been required once every two calendar years but was also amended to once every three years in 2018, with two years considered unnecessarily frequent.

The last independent financial management review was reported to Council in August 2019, containing a low level of findings (mostly minor or moderate) and strong assurance for the effectiveness of existing systems and processes.

Given this result, the relatively high cost of independent review, and the reality that financial management procedures and systems do not change that frequently, the City considers a comprehensive independent review, carried out independently once every three years to be the most appropriate and cost effective response to the statutory requirement.

Q17. How many internal audits are to be conducted in the 2021-2022 financial year?

A17. The Risk and Governance Advisor advised five internal audits have been scheduled.

Q18. Given that the Local Government Reform package currently out for community consultation proposes that local government credit cards used by local government employees will be required to be tabled at Council meetings on a monthly basis as it provides oversight of incidental local government spending, will the ASF Committee recommend to the City Administration that it should transition to this reporting requirement immediately?

A18. The Chief Financial Officer advised the City is compliant with the Local Government Act and associated Local Government Regulations for disclosure relating to credit cards. The City is preparing changes to internal procedures to ensure it will meet the intention of the proposed local government reforms as announced by the Minister for Local Government recently.





- Q19. Given that disclosure requirements brought in by individual Councils such as the City of Perth, City of Gosnells, City of Fremantle and City of Wanneroo, which all have average monthly credit card expenditure at less than half of ours, have shown a significant reduction of expenditure of funds, would this not also have the additional benefits of lower non-compliance risk and better accountability, transparency and good governance?
- A19. The Chief Financial Officer advised the City cannot make comment on matters associated with the City of Perth and City of Gosnells. The City of Cockburn complies with the requirements of the *Local Government Act 1995* regarding credit card spending subject to annual audit like all spending incurred by the City.
- Q20. Can the City confirm if the Independent Member, Mr. Glyn Geen, is a ratepayer within the City of Cockburn or resides outside the City?
- A20. The Risk and Governance Advisor advised there is no public interest in divulging this information.
- Q21. Can the City give a summary of Mr. Geen's academic qualifications, auditing qualifications and work experience, as well as Board and Committee memberships, as unfortunately ratepayers didn't have an opportunity to read his resume as it was deemed confidential?
- A21. The Risk and Governance Advisor advised that Mr Geen was considered appropriately qualified by the selection panel at the time of his appointment, and was subsequently endorsed by Council.
- Q22. Referring to ASFC 21/03/2019 Page 46 of 109 which is part of the A.G report into Controls Over Corporate Credit Cards, it states, "Reporting to Council on credit card expenditure was inconsistent as: half the local governments reported payment of the outstanding credit card balance, and the others reported individual purchases made on the credit card." Which category does the City falls within at the moment?
- A22. The Chief Financial Officer advised the City complies with the *Local Government Act 1995* and subsidiary regulations in disclosing credit card payments as well as the guidelines in relation to the CEO's credit card issued by the Auditor General.
- Q23. The report goes on to say "The latter approach clearly provides more transparent oversight of this expenditure as regular detailed review of all payments can help identify unusual card use. Councils interpreted Regulation 13 of the Local Government (Financial Management) Regulations 1996 inconsistently. This regulation requires local governments to present the details of all payments, including corporate credit card payments to Council on a monthly basis." Why didn't the ASFC refer this to the C.A at the time? Will it do so now, as we still aren't complying?
- A23. The Chief Financial Officer advised he is unsure what the acronym C.A. refers to, and as such could not comment on why the Audit and Strategic Committee should refer the issue of credit card payment reporting to it, however he would be happy to discuss the matter with Mr Certoma after the meeting.





**7. Confirmation of Minutes**

**7.1 (2021/MINUTE NO 0008) Minutes of the Audit & Strategic Finance Committee Meeting - 15/07/2021**

**Recommendation**

That Committee confirms the Minutes of the Audit & Strategic Finance Committee Meeting held on Thursday, 15 July 2021 as a true and accurate record.

**Committee Recommendation**

MOVED Cr P Corke SECONDED Cr M Separovich

That the recommendation be adopted.

**CARRIED UNANIMOUSLY 5/0**

**8. Deputations**

Nil

**9. Business Left Over from Previous Meeting (if adjourned)**

Nil

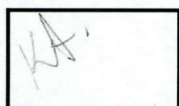
**10. Declaration by Members who have Not Given Due Consideration to Matters Contained in the Business Paper Presented before the Meeting**

Nil

Prior to the commencement of consideration of Agenda Reports, Mr Hoar and Mr Beevers provided a brief summary and answered questions from Committee Members.

**6.31pm The following items were carried by 'En Bloc' Resolution of Council:**

11.1	12.2	15.1
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## 11. Built and Natural Environment

### 11.1 (2021/MINUTE NO 0009) Performance Audit of Safe and Viable Cycling in the Perth and Peel Region

**Author** J Woolmer

**Attachments** N/A

#### RECOMMENDATION

That Council NOTES that the City of Cockburn is one of four Local Government Authorities included in the Performance Audit – Viable Cycling in the Perth Area, due to be tabled in Parliament in December 2021.

#### Committee Recommendation

MOVED Cr M Separovich SECONDED Cr P Corke

That the recommendation be adopted.

**CARRIED UNANIMOUSLY 5/0**

#### Background

Performance Audit – Viable Cycling in the Perth Area

The *Local Government Amendment (Auditing) Act 2017* makes the Auditor General responsible for local government financial and performance audits.

In October 2020 the Auditor General decided to undertake a performance audit of *Safe and Viable Cycling in the Perth and Peel Region*.

In January 2021 the Office of the Auditor General staff contacted Acting CEO Daniel Arndt, and Anton Lees, and consequently met with selected staff for an initial meeting.

Four Local Government entities were included in the audit:

- City of Cockburn
- City of Bayswater
- City of Kalamunda
- City of Perth

Performance audits focus on the efficiency and effectiveness of activities, services and programs. These audits can identify improvement opportunities for audited entities, that may also be of relevance across the local and State government sectors.

To develop the performance audit report that the Auditor General will table in Parliament, the Office of the Auditor General works closely with staff at the selected LGAs to inform audit findings and consult with a range of stakeholders.

At the City of Cockburn, the Transport and Traffic Team Coordinator and TravelSmart Officer liaised with the Office of the Auditor General to provide information and access to staff as required as part of the audit process.





Extensive information was provided by the Team from January to the end of September regarding cycling related activities, services and programs provided by the City.

An online community consultation survey was conducted in March 2021 as part of this process and widely promoted throughout Perth.

The Department of Transport (DoT) is responsible for coordinating the development and implementation of the Western Australia Bicycle Network Plan.

Local government (LG) entities are responsible for the design, installation and maintenance of most recreational shared paths and on-road cycling infrastructure within their LG areas.

The objective of the audit is to assess the progress by State government entities against the recommendations from the 2015 audit *Safe and Viable Cycling in the Perth Metropolitan Area*, and the effectiveness of State and LG entities in facilitating cycling for the community.

The criteria are:

- Have the relevant State government entities completed the recommendations from the 2015 audit *Safe and Viable Cycling in the Perth Metropolitan Area*?
- Do State and LG entities provide well planned cycling infrastructure and education aligned with community needs?

A draft report will be sent to the City in November and the City will be given two weeks to review the report before it is finalised.

The audit report is proposed to be tabled in Parliament during November/December 2021.

### **Submission**

N/A

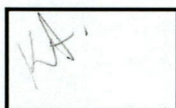
### **Report**

The audit report is proposed to be tabled in Parliament during November/December 2021.

### **Strategic Plans/Policy Implications**

#### Local Economy

A sustainable and diverse local economy that attracts increased investment and provides local employment.





Environmental Responsibility

A leader in environmental management that enhances and sustainably manages our local natural areas and resources.

Community, Lifestyle and Security

A vibrant healthy, safe, inclusive, and connected community.

City Growth and Moving Around

A growing City that is easy to move around and provides great places to live.

Listening and Leading

A community focused, sustainable, accountable, and progressive organisation.

**Budget/Financial Implications**

The City has a current bike plan account in place.

**Legal Implications**

The City needs to abide by The *Local Government Amendment (Auditing) Act 2017*. The report will be tabled in Parliament.

**Community Consultation**

Community consultation was conducted widely throughout Perth via an online survey in March 2021 by the Office of Auditor General. This was also promoted via WestCycle, Cockburn Bicycle User Group, along with the City social media and included in the City newsletters to ensure local reach.

**Risk Management Implications**

The findings of the audit will be legally binding. The City needs to abide by The *Local Government Amendment (Auditing) Act 2017* and address recommendations included in the report.

**Advice to Proponent(s)/Submitters**

N/A

**Implications of Section 3.18(3) Local Government Act 1995**

The *Local Government Amendment (Auditing) Act 2017*

Performance audits focus on the efficiency and effectiveness of activities, services and programs. These audits can identify improvement opportunities for audited entities, that may also be of relevance across the local and State government sectors.





**12. Finance****12.1 (2021/MINUTE NO 0010) Review of Monetary and Non-Monetary Investments for 2020-2021**

**Author(s)** S Downing  
**Attachments** N/A

**RECOMMENDATION**

That Council RECEIVES the information.

**Committee Recommendation**

MOVED Cr P Corke SECONDED Cr M Separovich

That the recommendation be adopted.

**CARRIED UNANIMOUSLY 5/0**

**Background**

Policy 'Investments of Funds' Clause 5.2 requires:

An Annual Report on the performance of the investment portfolio will be submitted to Council outlining the performance of the portfolio for the financial year."

**Submission**

N/A

**Report**

As per the Policy Investment of Funds, the following report is divided into two parts. The first part is a report on cash investments held by the City and the second is for non-cash investments.

**Cash Investments**

The City earned the following interest income during 2020/21 (LY2019-2020):

- Municipal/Reserve Funds (MFR) \$1.775m (\$3.994m)
- Rates – Administration Interest \$Nil (\$0.511m)
- Rates – Penalty Interest \$Nil (\$0.212m)
- Deferred Pension Rates \$0.011m (\$0.023m)
- ESL Interest \$Nil (\$0.037m)
- Total Interest Income \$1.786m (\$4.727m).

Interest income from the surplus cash in the Municipal Fund and Reserves (MFR) totalled \$1.775m (\$3.994m).





There was no interest from rates (administration and penalty interest) and Emergency Services Levy (ESL) as Council, in response to the State Government's COVID-19 Action Plan, resolved not to charge interest for 2020-2021. The interest rates earned by the MFR over the twelve months varied from 1.47% (2.53%) in July 2020 to 0.59% (1.52%) in June 2021.

The interest income usually earned (apart from 2020-2021), from the other four sources, Rates – Penalty Interest, Rates – Administration Interest, Deferred Pension Rates, and ESL Interest, was not earned on the management of surplus cash but on outstanding debts due to the Council.

The *Local Government Act 1995* provides the heads of power for a Council to impose interest on outstanding rates. Rates – Administration Interest and ESL Interest are charged at 3%, whilst Rates – Penalty Interest is charged at 6%. The *Local Government Act 1995* has a maximum interest rate of 11%. The Council has always elected to impose a lower interest rate.

Please note that Rates – Administration Interest and Rates – Penalty Interest was not charged in 2020-2021 as a result of Council's COVID-19 response, but was reintroduced in 2021-2022.

The rate for Deferred Pension Rates for 2019-2020 was 1.18% (1.06%). All surplus funds are invested in accordance with the *Local Government Act 1995*, associated regulations and Council's Investment Policy. All cash investments/term deposits were and are compliant with Council's Investment Policy.

The surplus funds are invested in term deposits with APRA regulated financial institutions, apart from one investment. The amendment to the regulations requiring Council's only invest in term deposits with a maturity of up to three years was gazetted with an over-rider allowing existing investments with a maturity greater than three years and in non-term deposits to go to maturity (grandfathering).

The last remaining grandfathered investment is the reverse mortgage backed security, Emerald. The original investment was \$3m in three \$1m tranches. The City is currently receiving interest at the rates of 0.46%, 0.76% and 0.9758% on the respective tranches.

Additional 'step-up' interest is also accruing on these three tranches at 0.9%, 1.5% and 1.9% respectively, which will be paid to the City upon maturity. The current balance of 'step-up' interest owing to the City is \$404,676.

The outstanding balance for the Emerald investment is \$2.5m as \$0.5m in capital has been returned to the City.

### Non-Cash Investments

The City has substantial freehold land on its balance sheet. As at the 30 June 2021, that total was \$85.94m (LY \$82.97m). The makeup of the land comprises sums,





reserves, land available for sale, freehold parks, and land which Council buildings and facilities occupy.

The Council's Land Management Strategy had identified a range of land assets that are surplus to requirement, or land that could be made saleable with investment from Council.

The concept is to monetise freehold land (where possible) so as to re-invest in income producing property to receive a stream of rental income. The Land Management Strategy provides for a reconciliation of the freehold land and that which is surplus to requirements.

### Rental Income

The rental income earned for 2020-2021 on commercial properties and lands including Cockburn Health and Community Centre, Port Coogee Marina Pens and Office, Youth Centre (office and commercial), commercial areas of Cockburn ARC totalled \$4.58m (LY \$4.66m), excluding GST and Variable outgoings.

As a result of COVID-19 in 2020/21, the City offered rent relief in line with State Government guidelines for three tenants totalling \$55,948.22.

The net rental revenue from the Cockburn Health and Community Centre is quarantined within a financial reserve for the purpose of future maintenance requirements for the facility.

This is to ensure that there is no future demand for the Municipal Fund to meet capital or operating maintenance costs. The City also quarantines funds received from the Naval Base Shacks, to meet the future capital maintenance needs of this unique asset.

### Land Sales

Land sold and not settled in 2019-20:

- 1 Semple Court, South Lake \$2.59m (December 2021)
- Lots 9004 and 805 Merevale Gardens, Beeliar \$6m  
Due to settle on 31 March 2022 (settlement delayed due to COVID-19).  
Planning Application to go to JDAP in February 2021
- Lot 1003 Bundegi Grove and 58 Tindal Avenue, Yangebup \$5.23m.

Funds received from the sale of surplus land are placed into the Council's Land Development and Investment Fund Reserve.

### **Strategic Plans/Policy Implications**

#### Local Economy





A sustainable and diverse local economy that attracts increased investment and provides local employment.

- Increased Investment, economic growth and local employment.

### **Budget/Financial Implications**

All items are reported in the financial statements of the City.

### **Legal Implications**

Ensure compliance with COVID-19 mandate to offer rent relief to commercial tenants. The City complied with the relevant regulations.

### **Community Consultation**

N/A

### **Risk Management Implications**

This is an information only report on the investments undertaken by the City on behalf of the Council.

### **Advice to Proponent(s)/Submitters**

N/A

### **Implications of Section 3.18(3) *Local Government Act 1995***

Nil





## 12.2 (2021/MINUTE NO 0011) Annual Bad Debts Review and Write-Offs for 2020-2021

**Author** N Mauricio  
**Attachments** N/A

### RECOMMENDATION

That Council WRITES OFF two bad debts totalling \$36,769.38 (inc. GST), as detailed in the report.

### Committee Recommendation

MOVED Cr M Separovich SECONDED Cr P Corke

That the recommendation be adopted.

**CARRIED ANANIMOUSLY 5/0**

### Background

Section 6.12 (1)(c) of the *Local Government Act 1995* allows local governments to write off any amount of money owing to it (other than rates and service charges). This action is necessary where delinquent debts become uncollectible.

The City's administrative policy for debtor management states that bad debt write-offs should only be proposed when all avenues for recovery have been exhausted or pursuing the debt becomes unviable.

Council has provided delegated authority under its DA "Debt Write Off, Concession or Waiver" for the purpose of writing off bad debts, other than rates and service charges, up to an individual debt value of \$5,000.

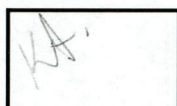
This delegation sits with the CEO and Chief Financial Officer and it requires a summary of transactions utilising the delegation to be reported to the Audit & Strategic Finance Committee on an annual basis.

### Submission

N/A

### Report

The City has a good track record in managing and collecting its outstanding debts, with very little written off in recent years. This alleviates any need for the City to make provisions for write-offs in its financials, while continuing to satisfy audit requirements. However, there will always be some debts that become uncollectible, needing to be written off either under delegation or by Council.





The City's debtor profile comprises commercial debtors (mainly landfill trade debtors), regulatory debtors (applications, licences, infringements) and community debtors (hall and reserve hire and provision of community related services).

Bad debts are usually attributable to failed businesses, untraceable debtors, or insolvent community groups. Some debts are also not worth pursuing due to their relative low value compared to legal recovery costs.

The City's revenue team actively manage outstanding debts and conduct regular reviews of those falling overdue. Only after using all reasonable endeavours to seek payment and following confirmation by the relevant business unit (debt owner) are bad debts proposed for write-off, either under delegation or by Council.

The following two debts greater than \$5,000 are referred to Council for write off, following unsuccessful efforts by the City to secure payment:

Debt Type	Debtor Number	Date of Debt	Amount Inc GST \$	Write Off Reason
Naval Base Shacks	414705	22/06/17	12,777.37	The City took possession of the property and demolished the shack. Debtor has ongoing health issues with no capacity to pay. Advised for write off by CS Legal.
Landfill Commercial Tip Fees	416257	30/06/19	23,992.01	Failed business with no assets. Means inquiry submitted by CS Legal for personal guarantor, who has now been declared bankrupt. No further action is viable.
			<b>36,769.38</b>	<b>(\$33,909.90 ex GST)</b>

The following summary of debts written off under delegation is provided in accordance with the requirements of Council's "Debt Write Off, Concession or Waiver" Delegated Authority:

Debt Category	No. of debts	Amount written-of \$ (ex gst)	Amount to be written-off \$ (inc gst)
Community (hall/reserve hire, services)	11	3,708.81	4,079.69
Commercial debtors – landfill	5	4,385.02	4,823.52
Other Sundry & Small Balance Write Offs	9	1,010.30	1,111.33
<b>Sundry Debts Sub-Total</b>	<b>25</b>	<b>9,104.13</b>	<b>10,014.54</b>
Infringements – FER recommended	176	34,936.45	34,936.45
Infringements – unregistered/interstate vehicles	52	5,889.50	5,889.50
<b>Infringement/Legal Write-Offs Sub-Total</b>	<b>228</b>	<b>40,825.95</b>	<b>40,825.95</b>
<b>Debt write off under delegation Total</b>	<b>253</b>	<b>49,930.08</b>	<b>50,840.49</b>





It is worth noting the relatively small amount of debt write offs for the Henderson Waste Recovery Park landfill. This commercial business represents the biggest risk area for the City's debt collection, with over \$11 million to be invoiced on standard credit terms this year. This good result provides comfort that the City's credit control practices are working effectively.

By far the City's largest revenue and debt source is property rates and service charges. These are secured against the property and therefore it is extremely rare for these to require write-off by Council. Although, some small balances within rates accounts mostly relating to interest charges are written off under delegation (these are immaterial).

The write-off of infringements amounts to roughly 10% of the outstanding balance and this has increased from previous years. The Fines Enforcement Registry are currently focused on addressing long outstanding and unrecoverable fines dating back up to eight years. It is envisaged this level of write-off will continue for the next year or so until they are caught up.

### **Strategic Plans/Policy Implications**

#### Listening and Leading

*A community focused, sustainable, accountable and progressive organisation.*

- Ensure good governance through transparent and accountable, planning, processes, reporting, policy and decision making.

### **Budget/Financial Implications**

Bad debts proposed to be written off by Council for \$33,909.90 (ex GST) will be expensed against the corresponding revenue item in this year's budget (i.e. landfill revenue and lease income). Given the relatively minor values compared to their respective line item budgets, there is no material budget impact at this time.

The total amount written off under delegation of \$49,930.08 (ex GST) has already been offset against associated revenue sources, with most of this amount relating to infringement write-offs (\$40,825.95).

Any budgetary impact on revenue from these write-offs will be assessed in the mid-year budget review.

### **Legal Implications**

Uncollectable debts require Council authorisation to be written off under the provisions of the *Local Government Act 1995* Section 6.12 (1)(c), unless Council has delegated this power. Council has approved a Delegated Authority for writing off bad debts up to \$5,000, other than for rates and service charges.

### **Community Consultation**

N/A





**Risk Management Implications**

It is considered good financial and risk management to regularly assess overdue debts to determine likelihood of collection. Those debts assessed as uncollectible should be written off to improve the accuracy of the receivables value recorded in the balance sheet (as is expected by financial audit).

This also helps to ensure debt collection efforts and resources are better focused towards collectible debts.

**Advice to Proponents/Submitters**

N/A

**Implications of Section 3.18(3) *Local Government Act 1995***

Nil



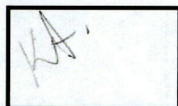


**13. Operations**

Nil

**14. Community Services**

Nil





## 15. Governance and Strategy

### 15.1 (2021/MINUTE NO 0012) Legal Proceedings Between Council and Other Parties

**Author(s)** J Fiori

**Attachments** 1. Legal Register 1 July 2020 - 30 June 2021 Financial Year  
(Confidential)

#### RECOMMENDATION

That Council RECEIVES the report on legal proceedings commenced or responded to by the City during the 2020-2021 Financial Year as noted in the Confidential Attachment.

#### Committee Recommendation

MOVED Cr M Separovich SECONDED Cr P Corke

That the recommendation be adopted.

**CARRIED UNANIMOUSLY 5/0**

#### Background

At its meeting on 13 December 2018, Council adopted the policy *Obtaining Legal and Other Expert Advice and Legal Proceedings Between City of Cockburn and Other Parties* (the Policy) and associated Delegated Authority *Obtaining Legal or Other Expert Advice and Legal Proceedings Between City of Cockburn and Other Parties*, to clarify the methodology by which legal or other expert advice is provided to Elected Members, to enable them to perform their civic function.

As a result, the 'Legal Advice Register', provided annually to the Audit and Strategic Finance Committee, is now limited to the notification of those issues which are in relation to or as a result of a Council resolution, or where the amount related to administrative advice is of such an amount to warrant Council's attention, which is capped at \$2,000 or above.

#### Submission

N/A

#### Report

Clause 1 *Application* of the Policy states:

'This Policy applies to legal and other expert advice sought by the City of Cockburn, and legal proceedings commenced or responded to by the City, or any person acting in their capacity as a representative of the City and for whom the City is vicariously liable.'





Clause 3 *Commencing Legal Proceedings* of the Policy states:

'(7) The CEO shall establish and maintain a procedure which enables those matters which are subject to the terms of this section to be centrally recorded and updated.

(8) A record of the procedure mentioned in (7) above shall be presented to the Audit and Strategic Finance Committee at least annually, or as often as considered appropriate by the CEO or as requested by the Audit and Strategic Finance Committee.'

A summary of the legal proceedings commenced or responded to by the City during the 2020-2021 financial year, as a result of a Council resolution, or of a significant amount that warrants Council's attention, has been circulated under separate Confidential cover (refer Attachment 1).

### Strategic Plans/Policy Implications

#### Listening and Leading

A community focused, sustainable, accountable, and progressive organisation.

- Ensure good governance through transparent and accountable, planning, processes, reporting, policy and decision making.

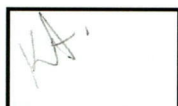
### Budget/Financial Implications

The table below highlights the legal fees expensed during 2020-2021 with commensurate, where relevant, reimbursements, fines and penalties arising from the incurring of the legal expenditure.

The table lists the legal services cost incurred for legal advice  $\geq$  \$2,000, per subject matter.

<b>Costs <math>\geq</math> \$2,000 incurred for legal services during 2020–2021 financial year</b>	
<b>Legal Firm</b>	<b>Fees Paid</b>
APX Law Pty Ltd	\$9,091.91
CS Legal (rates and debt recovery, and court representation)	\$204,707.21
Cullen MacLeod	\$3,162.5
Horizon Legal	\$5,880.00
Jackson McDonald	\$138,229.00
Kott Gunning	\$8,720.69
McLeod Solicitors and Barristers	\$84,312.33
Vogt Graham	\$5,202.10
<b>Total legal firms fees</b>	<b>\$459,305.74</b>
Fines, penalties and recoveries income	(\$248,270.24)
<b>Net legal fees (after fines, penalties and recoveries)</b>	<b>\$211,035.50</b>

This year's net legal fees (after fines, penalties and recoveries) were \$211,035.50. For comparison, last year's net legal fees were \$608,826.82.





Engaging CS Legal for rates and debt recovery, and associated court representation cost the City \$204,707.21, while leading to \$201,533 in cost recovery.

The above includes industrial relation issues, legal advice following authorised enquiries, unauthorised developments, untidy properties, litter, environmental health, debt recoveries for unpaid rates, and dog licence infringements.

### **Legal Implications**

Part 9 Division 2 of the *Local Government Act 1995* refers.

### **Community Consultation**

N/A

### **Risk Management Implications**

There are no risks associated with this recommendation, however failure to present this report to Council annually presents a 'Low' level of 'Compliance' risk in accordance with Council adopted Policy.

### **Advice to Proponent/Submissioner**

N/A

### **Implications of Section 3.18(3) *Local Government Act 1995***

Nil





**16. Corporate Affairs**

Nil

**17. Office of the CEO**

Nil

**18. Motions of Which Previous Notice Has Been Given**

Nil

**19. Notices Of Motion Given At The Meeting For Consideration At Next Meeting**

Nil





## 20. New Business of an Urgent Nature Introduced by Members or Officers

### 20.1 (2021/MINUTE NO 0013) Annual Financial Report and Audit Results for City of Cockburn Year Ending 30 June 2021

**Author** N Mauricio

**Attachments**

1. Auditor's Report for year ended 30 June 2021 (KPMG)
2. Audit Plan for year ended 30 June 2021
3. Annual Financial Report for year ended 30 June 2021
4. Interim/Final Management Letter (OAG) (**Confidential**)
5. Draft Audit Opinion (OAG) (**Confidential**)

#### RECOMMENDATION

That Council:

- (1) RECEIVES the Interim/Final Management Letter for the year ended 30 June 2021;
- (2) RECEIVES the Auditor's Report for the year ended 30 June 2021;
- (3) RECEIVES the draft Audit Opinion for the year ended 30 June 2021, as issued by the Office of the Auditor General; and
- (4) ADOPTS the Annual Financial Report for the year ended 30 June 2021; as attached to the Agenda.

#### Committee Recommendation

MOVED Cr M Separovich SECONDED Cr T Dewan

That Council:

- (1) As per Officer recommendation;
- (2) As per Officer recommendation
- (3) As per Officer recommendation;
- (4) ADOPTS the Annual Financial Report for the year ended 30 June 2021, subject to updating the wording on Note 23 for Contingent Liabilities to that provided by the Office of the Auditor General. .

**CARRIED UNANIMOUSLY 5/0**

#### Reason

The Office of the Auditor General have requested the rewording of Note 23 in the Financial Report. Although not changing the substance of the information reported, it is considered more concise and clearer for readers of the report.





## Background

Section 5.54 of the *Local Government Act 1995* requires Council to accept the Annual Report for a financial year no later than 31 December after that financial year. Section 5.53 requires that the Annual Report contains the Financial Report (prepared under Section 6.4) and the Auditor's Report (prepared under Section 7.9) for that financial year.

Regulation 9 (2) of the *Local Government (Audit) Regulations 1996* states that the principal objective of the external audit is for the auditor to carry out such work as is necessary to form an opinion as to whether: the accounts are properly kept; and that the Annual Financial Report:

- is prepared in accordance with financial records; and
- represents fairly the results of the operations of the Local Government at 30 June in accordance with Australian Accounting Standards and the *Local Government Act 1995*.

Section 7.12A of the *Local Government Act 1995* requires Local Governments to meet with the auditor at least once in every year and to:

- examine an Audit Report received by the Local Government.
- determine if any matters raised by the audit report require action to be taken by the Local Government.
- ensure that appropriate action is taken in respect of those matters.

As set out in its Terms of Reference, the Audit and Strategic Finance Committee (ASFC) is required to review the City's Annual Financial Report and associated Audit Report and recommend its adoption to Council. The auditor is attending this meeting to present their audit report and discuss any issues they have raised.

Amendments to the *Local Government Act 1995* in August 2017 transferred responsibility for oversight of Local Government audits to the Office of the Auditor General (OAG).

The OAG has since tendered out the performance of the City's audit, with KPMG having been awarded the audit contract for three financial years (commenced with the 2019 audit last year).

The audit plan for 2021 (as attached) was presented to the July meeting of this committee, and the auditor's report (attached) should be read in conjunction with this audit plan.

Key aspects of the audit included assessing the effectiveness of management internal controls, and the appropriateness of the City's accounting policies, disclosures, and accounting estimates. This audit work enables the OAG to express an opinion regarding the City's 2021 financial statements and associated financial ratios.





**Submission**

N/A

**Report**2021 Annual Financial Report

The Annual Financial Report being presented to the AFSC contains a detailed set of financial statements prepared in accordance with Australian Accounting Standards, including all accounting and supporting notes. These are discussed and analysed below.

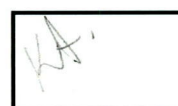
Statement of Comprehensive Income

The City's net result (before other comprehensive income) came in at \$15.62 million, \$7.6 million less than the previous year.

While net operating activities had an improved result of \$0.7 million (up \$4.3 million on last year), these were offset by a fall in the City's non-operating revenue of \$4.3 million, a loss of \$6.5 million on the revaluation of the marina assets, and a \$1.0 million fall in profit from asset disposals.

Operating revenue of \$155.7 million was up \$3.9 million (2.6%) on last year. The main contributors to this result were:

- Fees and Charges up \$2.9 million (+10.7%) to \$30.3 million
  - Cockburn ARC up \$2.7 million reversing prior year impacts from COVID19 related shutdowns
  - Landfill revenue was also up by \$1.4 million (23.7%) to \$7.2 million
  - Planning and building approval income up \$1.1 million (64.5%) to \$2.8 million, reflecting the current building boom
  - The previous year had included a one-off income lift of \$1.2 million from development bonds called in
  - Waste collection charges from commercial properties were down \$0.6 million year on year, reflecting removal of compulsory charges on properties not using the waste collection service.
- Interest earnings were also down \$2.7 million on last year due to the significant decline in prevailing interest rates.
- Operating grants, subsidies and contributions were up \$1.6 million year on year with the only material contributor being additional funding of \$0.6 million (total \$1.1 million) for the Roe 8 Rehabilitation project in line with delivered works.
- Rates revenue was up \$2.0 million (+2.0%) to \$108.30 million, comprising growth only due to the zero rates increase adopted by Council in response to the COVID19 pandemic.





Operating expenditure for the year of \$155.0 million was down \$0.4 million (+1.0%) on the previous year. The main contributors were:

- Employee costs, the City's biggest operational expense item, were up \$2.6 million (+4.4%) to \$62.8 million. This reflected annual contract increases including the annual enterprise agreement increase of 2.0%, as well as growth in the City's workforce from insourcing (e.g. CoSafe) and increasing service delivery needs.
- Materials and contract costs were down \$2.0 million (-5.1%) to \$36.0 million, which included the following major items:
  - CoSafe contract costs down \$1.2 million year on year due to insourcing of supervisor positions.
  - Legal fees incurred were \$0.4 million lower for the year.
  - This year, the City did not incur postal voting or GRV revaluation expenses, saving a combined \$0.8 million on the previous year.
- Interest expenses of \$1.2 million were \$0.5 million higher, but this was due to finance costs recognised under the landfill site rehabilitation cost provision model.
- Combined Depreciation & Amortisation expenses (non-cash) of \$38.6 million were down a net \$2.2 million (-5.4%) on the previous year:
  - Depreciation on fixed assets of \$35.6 million was lower by \$0.5 million (-1.3%) on last year, mainly from decreased depreciation on road infrastructure (down \$0.8 million to \$13.1 million).
  - Amortisation of landfill rehabilitation assets was \$1.7 million lower at \$1.9 million, reflecting the effect of finishing capping cell 6 in the previous year.

Non-operating grants, subsidies, and contributions of \$21.2 million were down \$2.8 million (-11.0%) year on year. This was due to gifted development infrastructure assets down from \$14.2 million to \$11.4 million. Capital grants of \$4.1 million were also down \$1.0 million on last year, although this was offset by an extra \$1.0 million of developer contributions recognised to fund acquired assets.

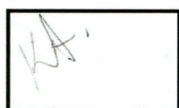
Net profit and loss from asset sales was also down on last year by \$1.1 million, mainly due to lower profits realised from the sale of land. A \$6.5 million revaluation loss on marina related assets was also included in the net result, given the City had no previous asset revaluation surplus amount to absorb this.

Other comprehensive income included \$22.3 million from asset revaluations (\$29.4 million last year), mostly due to an increase in coastal infrastructure values.

Total comprehensive income of \$37.9 million was down \$14.5 million for the year, reflecting the results discussed above.

### Statement of Financial Position

The City's net assets and total equity increased year on year by \$37.9 million to \$1,357.8 million. This reflects total assets of \$1,465.9 million (+\$50.9 million) and total liabilities of \$108.1 million (+\$13.0 million).





Current assets increased year on year by \$27.6 million to \$214.3million, mainly due to a greater holding of term deposits (up by \$28.1 million). This largely represents an increase of funds held in financial reserves.

The increase in non-current assets of \$23.3 million to \$1,251.5 million was mostly from the revaluation of land, buildings, landfill, marina, and coastal infrastructure assets during the year (+\$15.8 million). Most of this valuation uplift is attributed to coastal infrastructure (breakwaters and seawalls), having increased by 59% to \$47.4 million.

Land and building valuations were relatively stable with the City's land holdings increasing by 2.7% to \$85.1 million and buildings reducing by 0.9% to \$236.2 million. Other increases were constructed and purchased assets of \$35.8 million, and gifted subdivision assets of \$11.4 million, offset by reductions for depreciation of \$36.25 million and assets disposals of \$1.4 million (from plant trade-ins, minor land sales and building demolitions).

Current liabilities had a \$9.0 million increase year on year to \$37.5 million, with \$5.8 million of the increase attributable to contract obligations on unspent contributions, grants and subsidies received. Employee related provisions increased by \$1.5 million (+19%) to \$9.5 million, mainly due to an increase in entitled long service leave of \$1.4 million. Trade and other payables were also up by \$1.8 million to \$17.2 million, mostly from increased sundry creditors at year end.

Non-current liabilities increased overall by \$4.0 million on last year to \$70.6 million. Other liabilities included recognition of a \$5.4 million liability for Public Open Space cash in lieu contributions, transferred from the Trust Fund following a legislative change. Also included here were liabilities associated with unspent development contribution plans income were also up \$2.5 million to \$18.1 million.

Non-current borrowings were down \$4.7 million to \$11.4 million, reflecting no new lending and the ongoing repayment of existing debt.

Non-current employee related provisions (LSL) were down \$0.6 million to \$1.5 million, with a greater amount being recognised in current liabilities this year. Other provisions (for remediation of landfill site) were up \$0.5 million to \$32.1 million, due to unwinding of discount as per the net present value model used to calculate the liability. Other non-current payables increased by \$1.1 million mostly relating to increased bonds held for land developments.

### Changes in Equity

The City's retained surplus decreased by \$6.0 million over the year to \$555.8 million. This comprised the net result of \$15.6 million less net transfers to financial reserves of \$21.6 million.

Financial reserves increased from \$149.8 million to \$171.4 million, with a total \$62.1 million transferred into reserves during the year less drawdowns of \$40.5 million needed to fund budgeted capital and operating items.





The Asset Revaluation Surplus increased by a net \$22.2 million to \$630.5 million from the revaluation of land, buildings, landfill, marina, and coastal infrastructure assets during the year. Coastal infrastructure (breakwaters, seawalls) had a significant uplift in value of \$24.6 million, while freehold land assets had a small gain of \$2.2 million. Landfill infrastructure (-\$2.6 million) and buildings (-\$2.0 million) were both revised downwards, offset against existing revaluation surplus balances.

### Statement of Cash Flows

The City's net cash inflows from operating activities of \$46.7 million were \$11.5 million more than last year, due to an increase in receipts of \$8.4 million to \$165.9 million and a decrease in payments of \$3.1 million to \$119.2 million.

Net cash outflows for investing activities of \$44.6 million were up \$13.2 million for the year, comprising:

- Cash inflows from the sale of assets of \$1.5 million were down \$1.2 million on last year, due to less land sales.
- Cash outflows of \$35.8 million for combined spending on infrastructure (\$16.3m), and property, plant and equipment (\$19.5m) were up \$2.3 million on last year.
- Cash inflows from capital grants and developer contributions were also up by \$1.0 million to \$12.4 million.
- Net cash outflows of \$28.1 million from the investing of funds in term deposits were \$16.1 million higher than last year.

Net cash outflows from financing activities of \$2.7 million included the repayment of \$4.0 million in borrowings for the Cockburn ARC and SMRC (slightly up on last year). This was offset by a net cash inflow of \$1.7 million from bonds and deposits held mainly for development related purposes.

Cash and cash equivalents decreased marginally by \$0.5 million to \$4.6 million during the reporting year. This represents the amount held in short-term (less than 3 months) cash deposits as at 30 June 2021. It is worth noting that the City's term deposits totalling \$197.5 million are not considered cash equivalents under Australian Accounting Standards, although most mature within 12 months.

### Rate Setting Statement

This statement provides the most insightful view of the City's financial performance for 2021 and demonstrates the municipal budget surplus calculation.

The City's closing surplus at 30 June 2021 was \$8.6 million, down \$3.6 million compared to last year's result. This result includes the \$8.3 million of municipal funding for uncompleted capital projects carried forward by Council at the September Council meeting.

The remaining \$0.3 million was the uncommitted surplus for the year, noting that Council conservatively budgeted for no uncommitted surplus to be brought forward in the 2021/22 annual budget.





The total amount raised from general rates (i.e. not including specified area rates) was up \$2.1 million (2.0%) to \$107.7 million. This increase was completely attributable to growth in rateable properties from new developments, considering Council adopted a “zero rates” increase in response to the pandemic.

A unique aspect of the rate setting statement is the inclusion of capital works and projects. Assets totalling \$47.2 million were taken up by the City during the year, down \$0.5 million on last year. However, included in this result were gifted development assets totalling \$11.4 million, down \$2.8 million on the previous year. This included (\$11.0 million for roads related infrastructure and \$0.5 million for gifted park related assets.

### Financial Ratios

The *WA Local Government (Financial Management) Regulations 1996* prescribe seven financial ratios that are to be included in the Annual Financial Report. These ratios are also used by the Department of Local Government, Sport and Cultural Industries (DLGSC) as a measurement of a Local Government’s overall financial health. They form the basis of calculations used for the Financial Health Indicator (FHI) displayed on the MyCouncil website.

Ratio	2021	2020	2019	2018	Bench- mark	High
Current ratio	1.13	1.13	0.97	1.33	1.00	1.50
Asset consumption ratio	0.69	0.71	0.71	0.70	0.50	0.75
Asset renewal funding ratio	1.02	0.75	0.75	0.71	0.75	1.10
Asset sustainability ratio	0.53	0.71	0.46	0.74	0.90	1.20
Debt service cover ratio	6.68	8.25	8.72	5.53	2.00	5.00
Operating Surplus ratio	0.01	-0.02	0.01	-0.05	0.01	0.15
Own source revenue ratio	0.91	0.89	0.94	0.96	0.40	0.90
<b>Financial Health Indicator</b>	<b>72</b>	<b>62</b>	<b>73</b>	<b>78</b>	<b>70</b>	<b>100</b>

The City’s FHI score for the year ending 30 June 2021 has increased to 72 (from 62) and exceeds the industry benchmark of 70. A score of at least 70 is an indication of sound overall financial health (as defined by the DLGSC), but this is only one factor to consider in assessing overall performance.

It is worth noting that six ratios either met or exceeded the DLGSC benchmarks, with the debt service and own source revenue ratios exceeding the high benchmark setting. Only one of the City’s ratios failed to reach the DLGSC benchmark score, being the asset sustainability ratio.





The asset sustainability ratio continues to fall below the departmental benchmark and has been flagged by audit as a significant adverse trend. However, as previously explained to Council, the City is confident that its financial and resource planning strategies are appropriate for the current high growth phase the City is experiencing. This ratio assesses the City's spend on renewing its existing asset base, as a percentage of the depreciation expense on these assets.

Almost half the City's depreciation is generated from its roads and road related assets, for which the City has well developed asset management plans determining the optimal timing for renewal spend. Cockburn's road network is in relatively good condition, with a significant proportion of roads having been contributed in recent years through subdivision developments.

Although these assets generate annual depreciation on a linear basis, the associated renewal spend will not be required until much later.

The City is currently focusing much of its road capital spend on several new roads to address urban growth and associated traffic issues. This is a typical scenario for an outer growth Council (opposed to a developed inner metropolitan Council) and the Asset Sustainability Ratio fails to distinguish between the two.

This ratio is expected to improve over the longer term as the City approaches full development and focuses on delivering renewal projects contained within the Community Sport and Recreation Facilities Plan.

#### Auditor's Report to ASFC & Management Letter (KPMG)

The 2021 Annual Financial Report was audited by KPMG under contract from the Office of Auditor General (OAG). *The Local Government Act 1995* requires the City to meet with the auditor at least once in every year and representatives from the OAG and KPMG will attend the meeting to present their audit report and audit findings.

Attached to the agenda is the auditor's report to this committee and the management letter. These show key issues identified during audit and any findings made, the implications and audit recommendations. The management letter has been made a confidential attachment at the request of the OAG.

#### Draft Audit Opinion (OAG)

The OAG has issued a draft Independent Auditor's Report showing an unmodified audit opinion on the City's 2021 financial report.

In the report, the Auditor General does state an opinion that the asset sustainability ratio indicates a significant adverse trend in the financial position of the City, having been below the DLGSC standard benchmark for the last three financial years.

This was also the case last year and has been addressed in the discussion on the financial ratios earlier in this report.





The audit opinion will be signed off and issued by the OAG following this meeting and after receipt of the signed statement by the CEO for the financial report.

The draft audit opinion is also attached to the agenda as a confidential item at the request of the OAG.

### **Strategic Plans/Policy Implications**

#### Listening and Leading

A community focused, sustainable, accountable, and progressive organisation

- Best practice Governance, partnerships, and value for money.

### **Budget/Financial Implications**

The cost of the quoted external audit is sufficiently covered within the City's annual budget.

### **Legal Implications**

- *Local Government Act 1995* Sections 5.53, 5.54, 6.4, and Part 7 - *Audit*
- *Local Government (Audit) Regulations 1996* Regulations 9, 9A and 10
- *Local Government (Financial Management) Regulations 1996* Part 4 - *Financial Reports*

### **Community Consultation**

N/A

### **Risk Management Implications**

It is a requirement under the *Local Government Act 1995* for Council to accept the City's Annual Report (including the Financial Report and Auditor's Report) by no later than 31 December each year. Failure to do so will lead to statutory non-compliance.

### **Advice to Proponent(s)/Submitters**

N/A

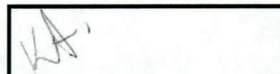
### **Implications of Section 3.18(3) *Local Government Act 1995***

Nil





# City of Cockburn Report to Audit & Strategic Finance Committee For the year ended 30 June 2021





# Introduction

## To the Audit & Strategic Finance Committee of the City of Cockburn

We are pleased to have the opportunity to meet with you on 25 November 2021 to discuss the results of our audit of the City of Cockburn ("the City"), as at and for the year ended 30 June 2021.

We are providing this report in advance of our meeting to enable you to consider our findings and hence enhance the quality of our discussions. This report should be read in conjunction with our audit plan for the year ended 30 June 2021. We will be pleased to elaborate on the matters covered in this report when we meet.

Our audit is substantially complete. Subject to the Committee's approval, we expect to be in a position to recommend to the OAG unmodified audit opinions on the City's financial report and financial ratios, provided that the outstanding matters noted on page 3 of this report are satisfactorily resolved.

We draw your attention to the important notice on page 17 of this report, which explains:

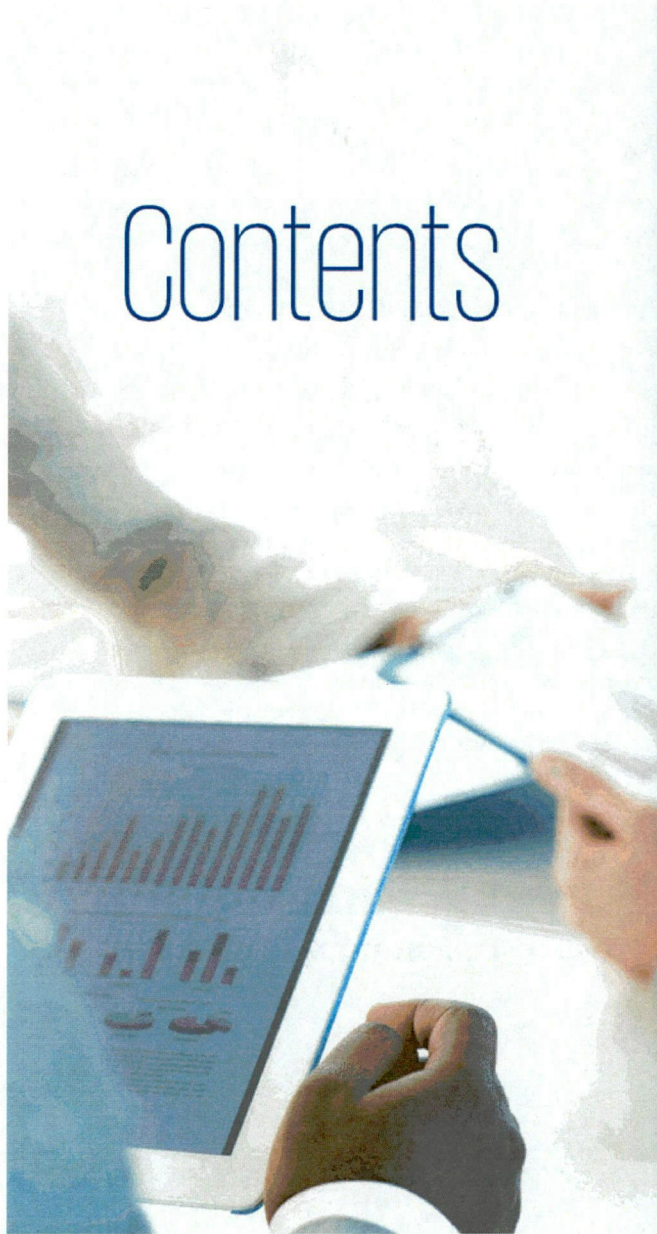
- the purpose of this report; and
- limitations on work performed;
- restrictions on distribution of this report.

We would like to thank management for their assistance during the audit process.

Matthew Beevers  
*Partner*







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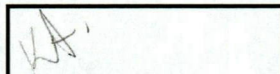
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# Executive summary

## Key focus areas

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## Audit misstatements

Please refer to page [12](#) for details on the corrected and uncorrected audit misstatements identified.

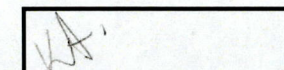
## Outstanding matters

In order to finalise our work, we require the following:

- Final review of the updated financial statements
- Receipt of signed financial statements declaration and certification
- Receipt of signed management representation letters
- Subsequent events procedures
- Final clearance comments of the Audit & Strategic Finance Committee of matters contained in this report.

## Fraud

We have not identified any instances of material fraud through our audit procedures.







# Audit Focus Areas

## 01 Existence and valuation of Infrastructure Assets

### Summary

Our audit response to the existence and valuation of infrastructure assets comprises primarily of fully substantive approach.

We consider this an audit focus area due to:

- Valuation methodology and assumptions can be complex and judgmental
- Significant volume of individual assets
- ASA 540 (Revised) Auditing Accounting Estimates and Related Disclosures is now effective

Balance	FY21	FY20
Infrastructure	\$890,486,978	\$871,151,088

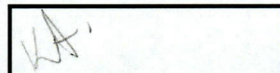
### Our substantive approach

- Considered the externally prepared valuations for the City's infrastructure assets (Landfill, Marina and Coastal assets) and the internally prepared valuations for the City's gifted assets during FY21.
- Assessed the competence and capabilities of the City's valuers, including valuation methods and assumptions used.
- Performed a roll forward from 1 July 2020 to 30 June 2021.
- On a sample basis, selected and tested asset additions to confirm existence and accuracy.
- Performed substantive analytical procedures over depreciation expense to assess reasonableness thereof
- Recalculated any revaluation gain/loss arising from the revaluation and ensured this has been appropriately recorded
- Considered management's impairment assessment for reasonableness and compliance with the Accounting Standards.
- Assessed the completeness and accuracy of capital WIP at year end, and for a sample selected, ensured the asset was capitalized at the correct date.

### Conclusion

During the audit, it came to our attention that selected Roads and Infrastructure assets funded by the City were incorrectly identified as gifted assets by the GIS team and therefore incorrectly valued as gifted assets. Management has reviewed the gifted asset listing and quantified the error as \$4,731,376. This error has been corrected in the financial statements.

Based on the audit procedures performed, no other reportable misstatements were noted.







# Audit Focus Areas

**02** Existence and valuation of Fixed Assets

**Summary**

Our audit response to the existence and valuation of fixed assets comprises a fully substantive approach.

We consider this an audit focus area due to:

- Valuation methodology and assumptions can be complex and judgmental when revaluations are performed
- Significant volume of individual assets
- ASA 540 (Revised) Auditing Accounting Estimates and Related Disclosures is now effective

Balance	FY21	FY20
Fixed assets	\$339,326,772	\$333,321,662

**Our substantive approach**

- Considered the externally prepared valuations for the City's Land and Buildings assets.
- Assessed the competence and capabilities of the City's valuers, including valuation method and assumptions used.
- Performed a roll forward from 1 July 2020 to 30 June 2021.
- On a sample basis, selected and tested fixed asset additions to confirm existence and accuracy.
- Assessed management's impairment assessment for reasonableness.
- Perform substantive analytical procedures over depreciation expense to assess reasonableness thereof.
- Recalculated any revaluation gain/loss arising from the revaluation and ensured this has been appropriately recorded.
- Assessed the completeness and accuracy of capital WIP at year end, and for a sample selected, ensured the asset was capitalized at the correct date.

**Conclusion**

Based on the audit procedures performed, no reportable misstatements are noted.

WA





# Audit Focus Areas

## 03 Revenue - rates, fees, charges, operating grants and subsidies

### Summary

Our audit response to the revenue – rates, fees, charges, operating grants and subsidies comprises controls and substantive testing.

We consider this an audit focus area due to:

- High volume of transactions that management are required to process accurately
- Heighten area of focus for stakeholders

Balance	FY21	FY20
Rates	\$108,305,167	\$106,223,439
Operating grants and subsidies	\$15,363,201	\$13,724,805
Fees and charges	\$30,280,412	\$27,357,438
Non-operating grants and subsidies	\$21,254,356	\$25,604,896

### Our controls approach

- Approval of rates, fees & charges by the Council for the 2021 financial year

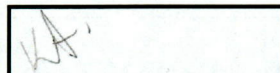
### Our substantive approach

- For a statistical sample selected, recalculated the rates revenue for the year ensuring the correct rates were used and verified the accuracy thereof.
- Focused testing around financial year ends to ensure revenue was recorded in the correct period.
- For a statistical sample selected, verified a sample of fees and charges to invoices and bank statements.
- Vouched grants received to relevant grant agreement and bank statement.
- Tested the completeness and accuracy of contract liabilities relating to developer contributions.
- Reviewed management’s disclosures in relation to the revenue Accounting Standards (AASB 15 Revenue from Contracts with Customers and AASB 1058 Income for Not-For-Profit entities).
- Reviewed management’s position paper and legal advice on the Public Open Space (POS) and assessed whether the accounting treatment for POS contribution is appropriate.

### Conclusion

The City deviates from the Department’s guidance on accounting for cash in lieu of open space issued on 3 June 2021 but the City has obtained legal advice to support its position. Based on the audit procedures performed, no reportable misstatements noted.

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# Audit Focus Areas

## 04 Landfill site - Rehabilitation provision

**Summary**

Our audit response to Landfill site – Rehabilitation provision comprises a fully substantive approach.

We consider this an audit focus area due to:

- Accounting for rehabilitation provisions is complex
- Accounting treatment can involve high levels of judgement and estimation uncertainty
- ASA 540 (Revised) Auditing Accounting Estimates and Related Disclosures is now effective

Balance	FY21	FY20
Rehabilitation asset	\$19,010,399	\$20,636,687
Provision for rehabilitation liability	\$32,062,428	\$32,383,854

**Our substantive approach**

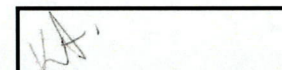
- Tested management’s landfill site rehabilitation provision and asset calculations.
- Verified the mathematical accuracy of the calculations received.
- Assessed the competence and capabilities of the experts engaged by the City, including valuation method and assumptions used.
- Tested and critically assessed the assumptions and inputs (such as discount rate, inflation rate) used in the model by management.
- Assessed the accuracy of component accounting for the rehabilitation asset, including related amortisation.

**Conclusion**

Based on the audit procedures performed, other than the error which has been corrected (refer to page 12) in relation to accretion expense for Cell 6, no reportable misstatements are noted.

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# Audit Focus Areas

## 05 Contracts and Procurement

### Summary

Our audit response to the contracts and procurement comprises controls and substantive testing.

We consider this an audit focus area due to:

- High volume of transactions that management are required to process accurately
- Heighten area of focus for stakeholders

Balance	FY21	FY20
Total operating expenditure (excluding employee costs)	\$92,158,046	\$95,159,033

### Our controls approach

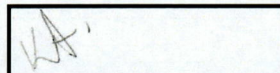
- Testing of authorisation of purchases orders in line with the City's Delegation of Authority
- Testing of authorisation of purchases orders in line with the City's Procurement Policy

### Our substantive approach

- On a statistical sample basis for expenditure, agreed payments made to supporting documentation and confirmed authorisation of such payments was in line with the City's Delegation of Authority and Procurement Policy.
- For a sample of new contracts awarded during the year, reviewed the procurement process to ensure the City's Procurement Policy was adhered to
- Performed a search for unrecorded liabilities at year end
- Assessed the completeness and accuracy of leases disclosed by the City.

### Conclusion

Based on the audit procedures performed, no reportable misstatements are noted.







# Audit Focus Areas

## 06 Personnel costs and related liabilities

### Summary

Our audit response to the personnel costs and related liabilities comprises a largely substantive approach.

We consider this an audit focus area due to:

- High volume of transactions that management are required to process accurately
- Existence and accuracy of payroll related costs

Balance	FY21	FY20
Employee costs	\$62,845,278	\$60,211,849

### Our controls approach

- Authorisation and approval of pay run payments.

### Our substantive approach

- Reconciled the payroll report transactions and trial balance as at 30 June 2021, including related payroll liabilities
- Substantive analytical procedures performed over payroll expenses.
- Substantive analytical procedures performed over annual leave and long service leave provisions as at 30 June 2021.

### Conclusion

Based on the audit procedures performed, no reportable misstatements are noted.

WA





# Audit Focus Areas

**07** Cash and cash equivalents and term deposits

**Summary**

Our audit response to cash and cash equivalents comprises a fully substantive approach.

We consider this an audit focus area due to:

- High volume of transactions of significant value
- Significant value of term deposits

Balance	FY21	FY20
Cash and cash equivalents	\$4,606,858	\$5,133,910
Term deposits	\$197,500,000	\$169,400,000

**Our substantive approach**

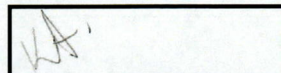
- Obtained independent bank confirmations at year end.
- Reviewed the year end bank reconciliations and agree to bank confirmations received.
- On a sample basis, vouch term deposits to confirmations and consider appropriateness of classification.

**Conclusion**

Based on the audit procedures performed, no reportable misstatements are noted.

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# Audit Focus Areas

**08** Financial ratios

**Summary**

We reviewed the financial ratios presented by the City for the year ended 30 June 2021.

Ratio	FY21	FY20	FY19	Significant Adverse Trend?
Current Ratio	1.13	1.13	0.97	No
Asset Consumption Ratio	0.69	0.71	0.71	No
Asset renewal funding ratio	1.02	0.75	0.75	No
Asset sustainability ratio	0.53	0.71	0.46	Yes
Debt service cover ratio	6.68	8.25	8.72	No
Operating surplus ratio	0.01	(0.02)	0.01	No
Own source revenue coverage ratio	0.91	0.89	0.94	No

**Our approach**

- Tested the ratios presented by the City for the year ended 30 June 2021.
- Assessed the mathematical accuracy of the financial ratios.
- Assessed whether any ratios constituted a significant adverse trend in accordance with the OAG guidance.

**Conclusion**

Based on the audit procedures performed, no reportable misstatements are noted.

Adverse trends have been identified for the Asset Sustainability ratio.

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# Audit Misstatements



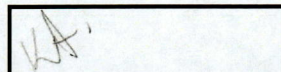
We assess audit misstatements under the income statement method.

The income statement method considers the effect of uncorrected prior-period misstatements from an income statement perspective and uncorrected misstatements are quantified as the amount by which the current period income statement is misstated, after considering the reversing and correcting effects of uncorrected prior-period misstatements.

## Corrected misstatements

We noted and corrected the following errors, including the current year impact:

Accounts	SOPF adjustment Debit/ (Credit) (\$)	SOCI adjustment Debit/ (Credit) (\$)	Comment
<b>1. Correcting the valuation of gifted assets as a result of incorrect classification in GIS</b>			
Non-operating grants, subsidies and contributions		4,731,376	Selected assets funded by the City were incorrectly recorded as gifted assets as at 30 June 2021.
Infrastructure	(4,731,376)		
<b>2. Correcting the accretion expenses related to Cell 6 (disclosure)</b>			
Accretion expenses		(1,872,986)	Accretion expenses for Cell 6 was incorrectly classified (landfill rehabilitation).
Depreciation expenses		1,872,986	
Rehabilitation asset - cost	1,872,986		
Rehabilitation asset – accumulated amortisation	(1,872,986)		





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## Audit Misstatements (continued)

Accounts	SOPF adjustment Debit/ (Credit) (\$)	SOCI adjustment Debit/ (Credit) (\$)	Comment
<b>3. Correcting the liability related to compulsory land acquisition at Jandakot Road.</b>			
Non-operating expenses		1,528,429	The City has undertaken compulsory acquisition of land from landowners abutting Jandakot Road to widen the Jandakot Road. The City has resumed the land as at 30 June 2021, therefore has an obligation to pay the valuation amounts plus interest accrued to the land owners.
Trade and other payables	(1,528,429)		
<b>Total aggregate effect</b>	<b>(6,259,805)</b>	<b>6,259,805</b>	

### Uncorrected misstatements

No uncorrected misstatements identified.

### Omissions and Errors in Presentation and Disclosures

We have not identified any material omissions or errors in presentation and disclosures in the financial report.

In the course of our review of the financial statements we made a number of recommendations in relation to presentation matters, including the disclosure of the corrected adjustments as detailed above.

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# Auditor's Independence

We have strict rules and protocols to maintain our independence from City of Cockburn, including annual training and an annual staff declaration.

## Safeguard

Non-audit services did not involve partners or staff acting in a managerial or decision making capacity, or involve the processing or originating of transactions.

Non-audit services were only provided where we were satisfied that they did not impact on our auditor independence.

Partners and staff involved in the provision of non-audit services obtained approval from the lead engagement partner to deliver the service.

## Breaches

The APESB Code of Ethics for Professional Accountants ("the Code") requires us to communicate to you any breaches of the independence requirements of the Code.

On the rare instance of a significant breach of the Code, we will report our conclusions to you on the actions to be taken, or already taken within three working days. We will report less significant breaches in the Year-end Report to the Audit & Strategic Finance Committee.

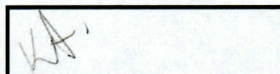
We confirm that as at the date of this report, no such breaches have been identified.

## Non audit services

No non-audit services have been performed during or subsequent to the year ended 30 June 2021, other than approved Grant Acquittals in our capacity as external auditor.

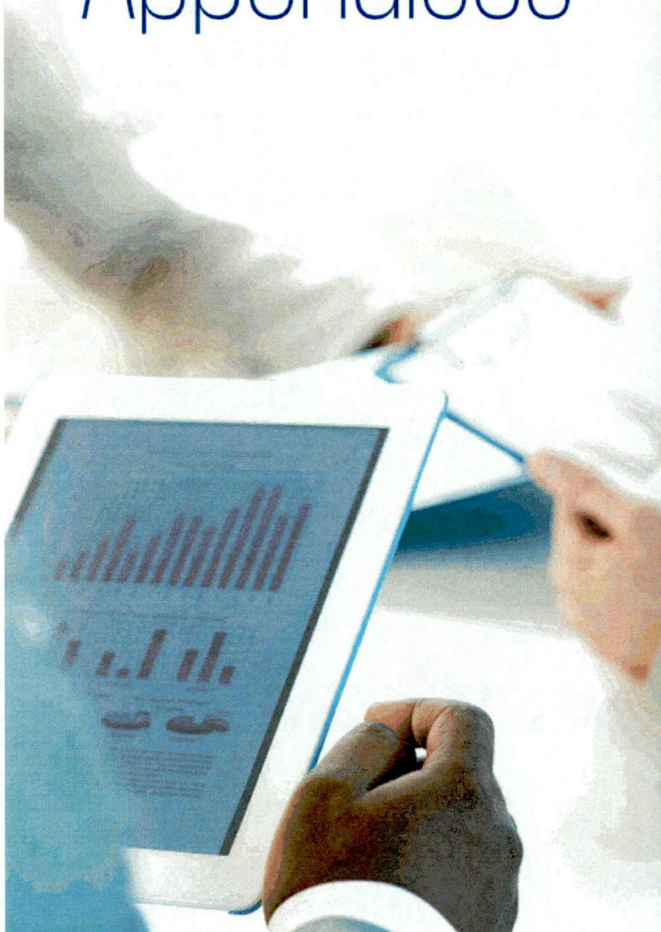
## Conclusion

We confirm that, as at the date of this report, we have complied with the ethical requirements regarding independence.





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**Required  
Communications**

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**Important  
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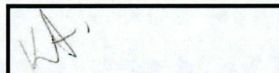




## Required communications with the Committee

Type	Response
<b>Our draft management representation letter</b>	<b>OK</b> We have not requested any specific representations in addition to those areas normally covered by our standard representation letter for the year ended 30 June 2021.
<b>Related parties</b>	<b>OK</b> There were no significant matters that arose during the audit in connection with the entity's related parties.
<b>Other matters warranting attention by those charged with governance</b>	<b>OK</b> There were no matters to report arising from the audit that, in our professional judgement, are significant to the oversight of the financial reporting process.
<b>Control deficiencies</b>	<b>OK</b> Refer to management letter issued for control deficiencies noted.
<b>Modifications to auditor's report</b>	<b>OK</b> None.
<b>Actual or suspected fraud, non-compliance with laws or regulations or illegal acts</b>	<b>OK</b> No actual or suspected fraud management, employees with significant roles in internal control, or where fraud results in a material misstatement in the financial statements was identified during the audit.

Type	Response
<b>Significant difficulties</b>	<b>OK</b> No significant difficulties were encountered during the audit.
<b>Disagreements with management or scope limitations</b>	<b>OK</b> The engagement team had no disagreements with management and no scope limitations were imposed by management during the audit.
<b>Other information</b>	<b>OK</b> This is to be completed once the preparation of the annual report is completed.
<b>Breaches of independence</b>	<b>OK</b> No matters to report. The engagement team and the firm have complied with relevant ethical requirements regarding independence.
<b>Accounting practices</b>	<b>OK</b> Over the course of our audit, we have evaluated the appropriateness of City of Cockburn's accounting policies, accounting estimates and financial statement disclosures. In general, we believe that these are appropriate.
<b>Significant matters discussed or subject to correspondence with management</b>	<b>OK</b> The significant matters arising from the audit were discussed with management and included within this Report.





CITY OF COCKBURN | ASFC REPORT

# Important notice

This report is presented under the terms of our audit contract with the OAG.

- Circulation of this report is restricted.
- The content of this report is based solely on the procedures necessary for our audit.



## Purpose of this report

This Report has been prepared in connection with our audit of the financial statements of the City of Cockburn (the "City"), prepared in accordance with the Australian Accounting Standards ('AASBs') as at and for the year ended 30 June 2021. This report also covers the associated compliance related opinions and the financial ratios.

This Report has been prepared for those charged with governance, whom we consider to be the Audit & Strategic Finance Committee, in order to communicate matters of interest as required by ASAs (including ASA 260 Communication with Those Charged with Governance), and other matters coming to our attention during our audit work that we consider might be of interest, and for no other purpose. The Audit & Strategic Finance Committee should not assume that reports from us indicate that there are no additional matters they should be aware of in meeting their responsibilities.

This report summarizes the key issues identified during our audit but does not repeat matters previously communicated to you.

## Limitations on work performed

This Report is separate from our audit report and does not provide an additional opinion on the City's financial statements, nor does it add to or extend or alter our duties and responsibilities as auditors.

We have not designed or performed procedures outside those required of us as auditors for the purpose of identifying or communicating any of the matters covered by this Report.

The matters reported are based on the knowledge gained as a result of being your auditors. We have not verified the accuracy or completeness of any such information other than in connection with and to the extent required for the purposes of our audit.

## Restrictions on distribution

The report is provided on the basis that it is only for the information of those charged with governance of the City's; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.

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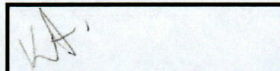
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City of Cockburn

# Report to the Audit & Strategic Finance Committee

For the year ending 30 June 2021



WA





# Introduction

## To the Audit and Strategic Finance Committee

We are pleased to have the opportunity to discuss our audit of the financial report of the City of Cockburn ("the City"), as at and for the year ending 30 June 2021.

This audit plan and strategy document is intended to provide the Audit and Strategic Finance Committee with our audit focus areas, our procedures over these areas, deliverables and timelines.

### Restrictions on distribution

This report is intended solely for the information of those charged with governance of the City and the report is provided on the basis that it should not be distributed to other parties; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.

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[Audit Risk Assessment](#)

[Key Audit Focus Area](#)

[Accounting Estimates](#)

[Timeline of the Audit](#)

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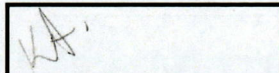
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# KPMG's audit responsibility



**On behalf of the Auditor General, KPMG's aim is to provide a high quality audit of the City's financial statements including the Asset Consumption Ratio and Asset Renewal Funding Ratio that is risk focused with independent insight on the key issues.**

- KPMG has been contracted by the Office of the Auditor General ("OAG") to perform the audit of the City. The contract requires KPMG to use their audit approach and methodology.
- KPMG conducts an independent audit in order to enable the OAG to express an opinion regarding the financial statements and Asset Consumption Ratio and Asset Renewal Funding Ratio included in the annual financial report. Our audit is conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements will be detected.
- We perform procedures to assess whether the financial statements present fairly with the City's financial position as at 30 June 2021, and its performance for the year ending on that date in accordance with the Local Government Act 1995, Local Government (Audit) Regulations 1996, Australian Accounting Standards and other mandatory financial reporting requirements applicable to the City.
- We form our recommended audit opinion on the basis of these procedures, which include: examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the City.
- We consider the effectiveness of management's internal controls over financial and performance reporting when determining the nature and extent of our procedures.
- We will express an opinion recommendation on whether:
  - The annual financial report of the City is based on proper accounts and records; and fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the Local Government Act 1995 (the Act) and, to the extent that they are not inconsistent with the Act, and Australian Accounting Standards.
  - The Asset Consumption Ratio and Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.
- The OAG and KPMG understand the importance of our role as auditors in the external reporting framework and we work to maintain an extensive system of quality control over our audit practices.



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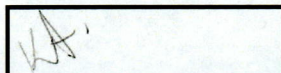
# Audit Approach

The following table summarises our approach to the audit of the City:

Area	Assessment & Approach
<b>Methodologies and activities</b>	<ul style="list-style-type: none"> <li>- Our audit approach is tailored to address financial statement risks unique to the City. In tailoring our approach, we have held discussions with management, considered any changes to operations, and considered both external and internal developments that may impact our audit risk.</li> <li>- A summary of the activities in each phase of our audit is provided.</li> <li>- On completion, we will evaluate the evidence we obtained and report our findings to you.</li> </ul>
<b>Materiality</b>	<ul style="list-style-type: none"> <li>- Planning materiality is determined at the overall financial statement level. Where appropriate, based on qualitative factors, we may lower our materiality threshold.</li> <li>- The extent of audit procedures on balance sheet and income statement numbers is based on our professional judgement and materiality applicable to the City.</li> <li>- During the course of our work, we will accumulate and report all identified uncorrected and corrected misstatements above our audit difference posting threshold, as well as material misstatements or omissions in presentation and disclosures, to the Audit and Strategic Finance Committee.</li> <li>- As required by auditing standards, we will request correction of identified differences.</li> </ul>
<b>Risk assessment</b>	<ul style="list-style-type: none"> <li>- Based on our experience, our knowledge of the City and discussions with management, we will perform an assessment of your business risks relevant to our audit and identify financial statement captions that may be affected by these risks to identify audit focus areas.</li> <li>- We have summarised the relevant risks faced by the City; and</li> <li>- The audit focus areas are identified, our planned procedures and key accounting and reporting matters for consideration.</li> </ul>
<b>Independence</b>	<ul style="list-style-type: none"> <li>- Our audit services are subject to the OAG's, KPMG's and our profession's strict rules and policies regarding auditor independence.</li> <li>- We will not undertake services that are incompatible with our role as your auditor, or that could compromise our independence in any way.</li> <li>- We will continue to monitor our independence on an ongoing basis and will confirm our independence at the time of audit completion and signing the audit opinion.</li> </ul>
<b>Approach to fraud</b>	<ul style="list-style-type: none"> <li>- The primary responsibility for preventing and detecting fraud rests with the Council and CEO.</li> <li>- We are responsible for obtaining reasonable assurance that the financial report, taken as a whole, is free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit there is an unavoidable risk that some material misstatements of the financial report may not be detected.</li> <li>- We will assess the risk of fraud and design procedures that respond to that risk including, but not limited to, making enquiries of management about actual, suspected or alleged fraud and testing journal entry posting controls and a sample of journal entries.</li> <li>- We request at this time the Council and CEO to identify matters relating to fraud consideration for incorporating into our audit approach. We will report fraud related issues identified to the Council if identified during our audit.</li> </ul>



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# Audit Approach - Phases

	Planning / Risk assessment	Testing	Completion
Objectives	<ul style="list-style-type: none"> <li>Perform risk assessment</li> <li>Determine critical accounting and reporting matters</li> <li>Plan audit procedures</li> <li>Evaluate fraud risk in financial reporting</li> <li>Understand accounting and reporting activities</li> <li>Evaluate design and implementation of controls</li> <li>Perform initial test of operating effectiveness of key controls with sample sizes based on frequency and nature of controls</li> </ul>	<ul style="list-style-type: none"> <li>Assess control risk and the risk of significant misstatement</li> <li>Perform substantive audit procedures</li> <li>Audit non-routine transactions and re-assess the risk of misstatement</li> <li>Obtain audit evidence that is sufficient and appropriate</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate and report audit findings</li> <li>Form and issue audit opinion</li> <li>Communicate with key stakeholders</li> <li>Identify improvements for future years</li> </ul>
Activities	<ul style="list-style-type: none"> <li>Update our understanding of business and operations via discussions with executive management and the finance team</li> <li>Calculate audit materiality</li> <li>Assess risks and identify general ledger accounts requiring audit focus</li> <li>Undertake analytical reviews and assess key accounting issues</li> <li>Discuss key processes and controls relevant to "significant general ledger accounts"</li> <li>Review and consider relevant internal audit reports</li> </ul>	<ul style="list-style-type: none"> <li>Complete test of operating effectiveness of key controls through sample sizes based on frequency and nature of control</li> <li>Complete testing of the relevant IT controls</li> <li>Perform testing on complex and non-routine transactions</li> <li>Perform other tests to supplement controls testing</li> <li>Audit of ratios</li> <li>Audit disclosures</li> <li>Active involvement of the OAG and review of work performed</li> </ul>	<ul style="list-style-type: none"> <li>Resolve judgemental issues identified throughout the audit</li> <li>Evaluate the City's financial statements</li> <li>Summarise key findings and report to management and the Audit and Risk Committee</li> </ul>
Deliverables	<ul style="list-style-type: none"> <li>2021 Audit Plan</li> <li>Interim management letter (as required)</li> </ul>	<ul style="list-style-type: none"> <li>Summary of adjusted and unadjusted audit differences for consideration by management including significant deficiencies in internal controls</li> <li>Draft report to the Audit and Strategic Finance Committee and management letter, as necessary</li> </ul>	<ul style="list-style-type: none"> <li>Audit opinion from the OAG</li> <li>Exit Meeting report to Audit and Strategic Finance Committee</li> <li>Final management letter</li> </ul>

**Continuous communication between OAG/KPMG teams and the City**



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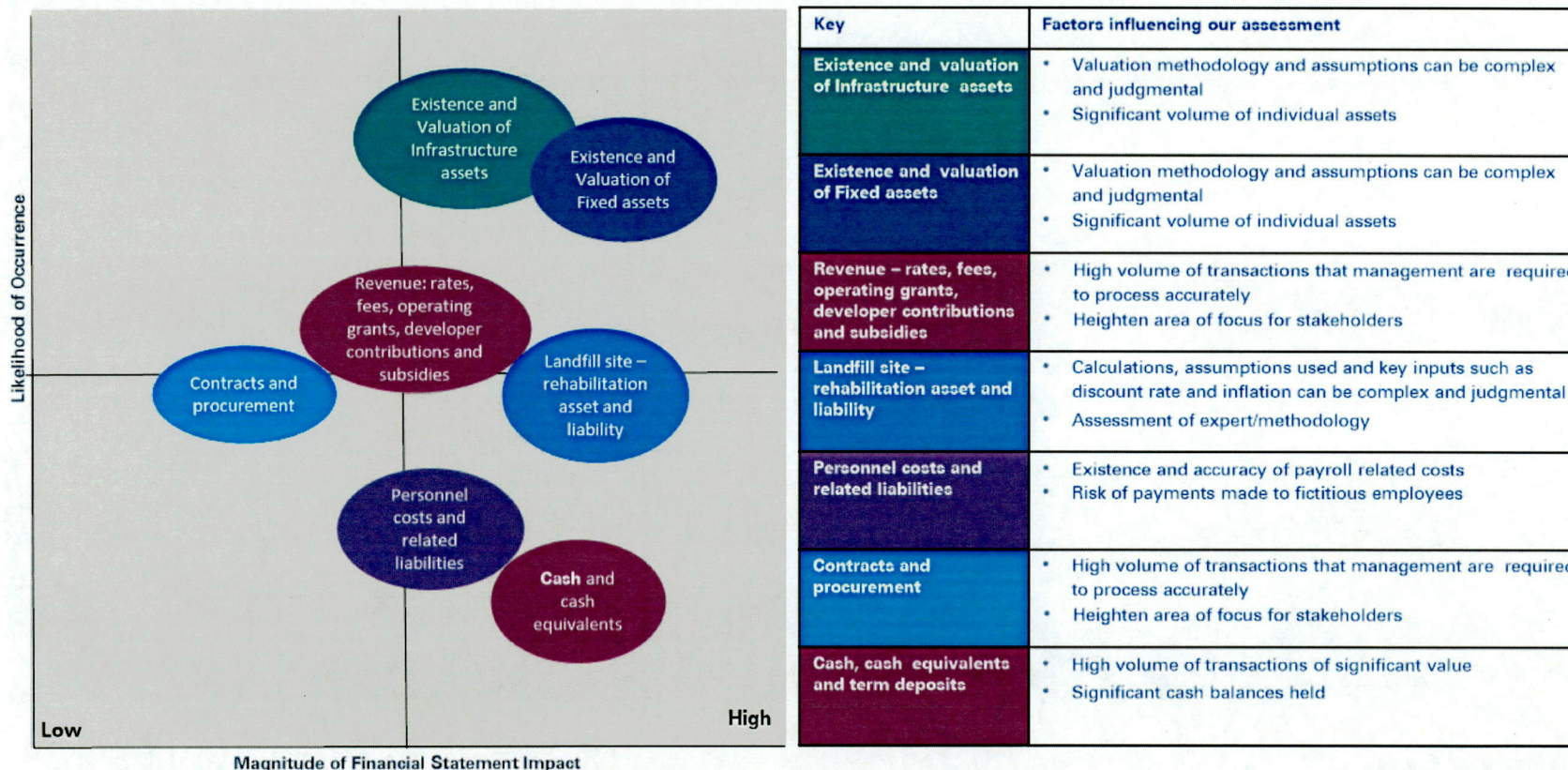
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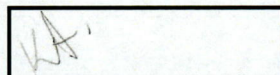


# Audit risk assessment

In our assessment of inherent audit risks impacting the financial report, we consider the nature of the risk, likelihood of its occurrence and potential impact it could have on the City's financial report.



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# Key audit focus areas

## 1 Existence and valuation of Infrastructure Assets

Audit risk **H** Higher **M** Moderate **L** Lower

Significant Risks Size Complexity

**H**

**H**

### Areas of audit focus

- Valuation methodology and assumptions can be complex and judgmental
- Significant volume of individual assets
- ASA 540 (Revised) *Auditing Accounting Estimates and Related Disclosures* is now effective. Refer to page 12.

### Planned audit procedures

#### Test of Controls

- None planned

#### Substantive Procedures

- Review all independent/internally prepared valuations for the City's infrastructure assets (FY21: Marina Asset and Landfill Asset)
- Utilising our infrastructure valuation specialist, assess the competence and capabilities of the valuers, including valuation method and assumptions used

#### Substantive Procedures cont.

- Test the roll forward of infrastructure assets including additions and disposal (where material)
- On a sample basis, select assets for sighting noting their existence and physical condition
- Recalculate any revaluation gain/loss arising from the revaluation and ensure this has been appropriately recorded.
- Review management's impairment assessment/calculation for reasonableness
- Perform substantive analytical procedures over depreciation expense
- Assess appropriateness of asset classification
- Assess the completeness of capital WIP, and for a sample selected, ensure the asset was capitalised at the correct date



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# Key audit focus areas

## 2 Existence and valuation of Fixed Assets

Audit risk **H** Higher **M** Moderate **L** Lower

Significant Risks Size Complexity

**H**

**H**

### Areas of audit focus

- Valuation methodology and assumptions can be complex and judgmental
- Significant volume of individual assets
- ASA 540 (Revised) *Auditing Accounting Estimates and Related Disclosures* is now effective. Refer to page 12.

### Planned audit procedures

#### Test of Controls

- None planned

#### Substantive Procedures

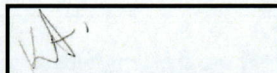
- Review all independent/internally prepared valuations for the City's land and buildings
- Utilising our property valuation specialist, assess the competence and capabilities of the valuers, including valuation method and assumptions used

#### Substantive Procedures cont.

- Test the roll forward of fixed assets including additions and disposal (where material)
- On a sample basis, select assets for sighting noting their existence and physical condition
- Recalculate any revaluation gain/loss arising from the revaluation and ensure this has been appropriately recorded
- Review management's impairment assessment/calculation for reasonableness
- Assess appropriateness of asset classification
- Perform substantive analytical procedures over depreciation expense



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# Key audit focus areas

## 3 Revenue – rates, fees, charges, operating grants, developer contributions and subsidies

Audit risk **H** Higher **M** Moderate **L** Lower

Significant Risks Size Complexity

**H**

**M**

### Areas of audit focus

- High volume of transactions that management are required to process accurately
- Heighten area of focus for stakeholders

### Planned audit procedures

#### Test of Controls

- City approval of rates and charges for FY2021
- Management review of monthly rates reconciliation

#### Substantive Procedures

- Management review of rates table
- Testing of controls over the Tech One system generated reports used
- Review the City's rates policy in place
- Review of Landgate's General Valuation of the Gross Rental Values (GRV's) of properties within the City and assess any changes as applicable
- Recalculate the rates revenue for the year ensuring the correct rates were used and verifying the accuracy thereof

#### Substantive Procedures cont.

- Focus testing around financial year ends to ensure revenue recorded in the correct period
- Assess the recoverability of the related debtor raised
- Agree a sample of fees and charges to supporting documents
- Vouch developer contributions to agreements and other supporting documentation
- Vouch grants to relevant grant agreement and bank
- Consider and review any new or amended service concession agreements entered into by the City during the current year
- Assess the City's assessment of the accounting treatment for Public Open Space contributions (as applicable)



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# Key audit focus areas

**4 Landfill site – rehabilitation asset and liability** Audit risk H Higher M Moderate L Lower

Significant Risks	Size	Complexity
	<span style="color: red;">M</span>	<span style="color: yellow;">H</span>

**Areas of audit focus**

- Accounting for rehabilitation provisions is complex
- Accounting treatment can involve high levels of judgement and estimation uncertainty
- ASA 540 (Revised) *Auditing Accounting Estimates and Related Disclosures* is now effective. Refer to page 12.

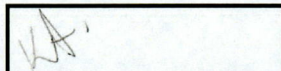
**Planned audit procedures**

**Test of Controls**

- None planned

**Substantive Procedures**

- Review management’s landfill site rehabilitation provision and asset calculations
- Verify the mathematical accuracy of the of the calculations received
- Assess the competence and capabilities of the experts engaged by the City, including valuation method and assumptions used
- Review and critically assess the assumptions and inputs (such as discount rate, inflation rate) used in the model by management and the expert
- Assess accuracy of component accounting for the rehabilitation asset, including related amortisation







# Key audit focus areas

## 5 Contracts and Procurement

Audit risk **H** Higher **M** Moderate **L** Lower

Significant Risks	Size	Complexity
	<b>H</b>	<b>L</b>

### Areas of audit focus

- High volume of transactions that management are required to process accurately
- Heighten area of focus for stakeholders

### Planned audit procedures

#### Test of Controls

- Assessment of authorisation of payments in line with Delegation of Authority
- Assessment of review approval of contracts in line with Procurement Policy

#### Substantive Procedures

- Review of authorisation of payments in line with Delegation of Authority
- Review approval of contracts in line with Procurement Policy of the City
- Review of internal audit reports for internal controls tested, specific contracts reviewed or key findings noted in procurement
- Review of the City's procurement policy
- Review the City's contract register for long running contracts or overspent contracts
- On a sample basis for expenditure, agree payments made to supporting documentation and sighting authorisation of such payments in line with the Delegation of Authority
- Search for unrecorded liabilities at year end



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# Key audit focus areas

## 6 Personnel costs and related liabilities

Audit risk **H** Higher **M** Moderate **L** Lower

Significant Risks	Size	Complexity
	<b>H</b>	<b>L</b>

### Areas of audit focus

- High volume of transactions that management are required to process accurately
- Existence and accuracy of payroll related costs

### Planned audit procedures

#### Test of Controls

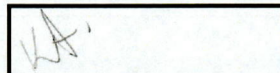
- Review and approval of payroll reconciliation
- Approval of employment and termination forms

#### Substantive Procedures

- Reconcile the payroll report and trial balance as at 30 June 2021, including related payroll liabilities
- Substantive analytical procedures to be performed over payroll expenses
- Substantive analytical procedures to be performed over annual leave and long service leave provisions as at 30 June 2021



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# Key audit focus areas

## 7 Cash, cash equivalents and term deposits

Audit risk **H** Higher **M** Moderate **L** Lower

Significant Risks Size Complexity

**H** **L**

### Areas of audit focus

- High volume of transactions of significant value
- Significant value of term deposits

### Planned audit procedures

#### Test of Controls

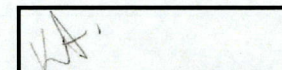
- Testing of monthly bank reconciliations

#### Substantive Procedures

- Identify key controls within the Treasury process, including controls surrounding the preparation and review of bank reconciliations
- On a sample basis, vouch term deposits to confirmations and consider appropriateness of classification
- Circularize independent bank confirmations at year end
- Review the year end bank reconciliation and agree to bank confirmations
- On a sample basis, verifying that the transfers to and from reserves have been appropriately approved.



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# Accounting Estimates

## Accounting estimates

See pages 5 – 6 and 8

- ASA 540 (Revised) *Auditing Accounting Estimates and Related Disclosures* is now effective and will influence the nature, timing and extent of our audit procedures.
- We will increase our focus on the issues critical to the City in these uncertain times, in particular financial reporting estimates, judgements and transparent disclosures.
- The risks of material misstatement relating to fair values of infrastructure assets and fixed assets are a key focus error due to the value of the assets and estimates used to determine fair value. Other estimates of the City include its landfill site rehabilitation provision, expected credit loss provision and leave provisions.
- To assess the risks, we will understand how management has understood the range of possible measurement outcomes, selected reasonable and verifiable assumptions (including considering alternatives) and data sources, and the related disclosures for the financial statements.
- We will evaluate the methods, assumptions and data used to derive the estimates for fair value of infrastructure assets and fixed assets to obtain evidence that they are appropriate in the context of the financial reporting framework and are, when appropriate, based on conditions and events at the measurement date. Where management have involved an expert, we will assess the competence, capability and objectivity of the expert.
- We will increase the involvement of KPMG specialists to assist in these evaluations.
- We will evaluate whether related disclosures comprise required disclosures, including significant assumptions about the future and other major sources of estimation uncertainty, and whether they include the information necessary to achieve the fair presentation of the financial statements as a whole.
- We will communicate our views about significant qualitative aspects of accounting estimates.

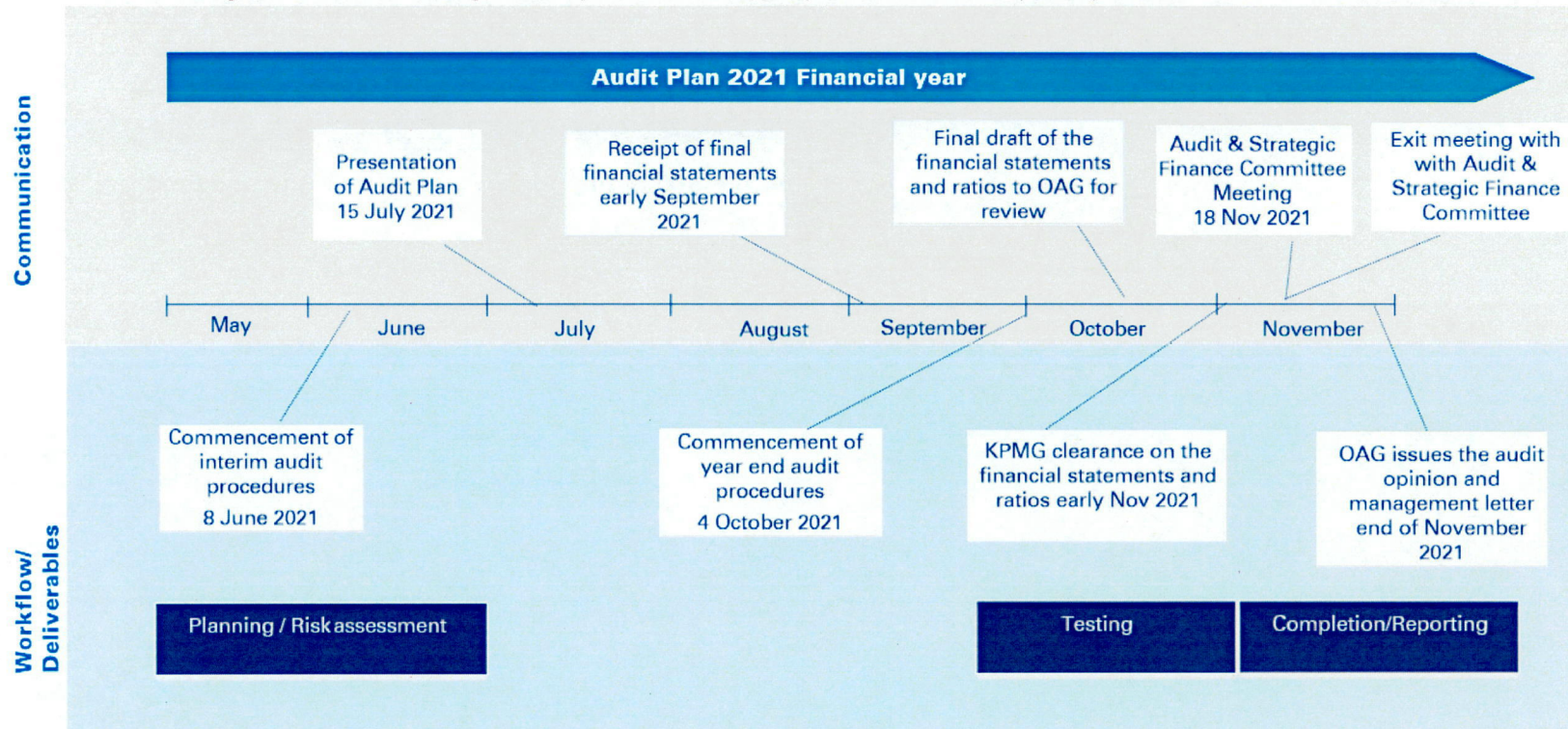




# Timeline of the audit

Communicating with and reporting to the City, with no surprises, underpins the quality of our audit. There are two main elements: the formal audit report, and ongoing communications. Two-way communication with management is a key aspect of our reporting and service delivery. We stress the importance of keeping you informed of issues arising throughout the audit and of understanding your views.

We deliver insights on aspects of the audit and your business practices such as the appropriateness of accounting policies, the design and operation of financial reporting systems and controls, key accounting judgements and any matters where we may disagree with management's view, and any audit differences or errors identified. We ensure the content of these reports meets the requirements of auditing standards and we share our industry experience to encourage discussion and debate with management. We see these insights as a key mechanism to support you in the execution of your responsibilities.



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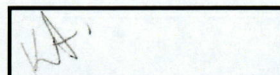
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**CITY OF COCKBURN  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

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**COMMUNITY VISION**

Cockburn the best place to be.

Principal place of business:  
Spearwood, WA



**CITY OF COCKBURN  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

*Local Government Act 1995  
Local Government (Financial Management) Regulations 1996*

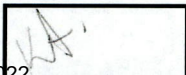
**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the City of Cockburn for the financial year ended 30 June 2021 is based on proper accounts and records to present fairly the financial position of the City of Cockburn at 30 June 2021 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the \_\_\_\_\_ day of \_\_\_\_\_ 2021

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Name of Chief Executive Officer





**CITY OF COCKBURN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2021**

		2021	2021 Revised Budget	2020
	NOTE	Actual \$	Budget \$	Actual \$
<b>Revenue</b>				
Rates	29(a)	108,305,167	108,588,103	106,223,439
Operating grants, subsidies and contributions	2(a)	15,363,201	13,792,564	13,724,805
Fees and charges	2(a)	30,280,412	30,216,567	27,357,438
Interest earnings	2(a)	1,786,797	1,830,000	4,500,685
		<u>155,735,577</u>	<u>154,427,234</u>	<u>151,806,367</u>
<b>Expenses</b>				
Employee costs		(62,845,278)	(62,270,344)	(60,211,849)
Materials and contracts		(35,998,197)	(38,150,155)	(37,952,938)
Utility charges		(6,002,003)	(5,919,371)	(5,483,944)
Depreciation on non-current assets	11(b)	(38,568,690)	(35,641,134)	(40,772,796)
Interest expenses	2(b)	(1,174,733)	(696,000)	(721,414)
Insurance expenses		(1,681,861)	(1,723,200)	(1,533,725)
Other expenditure		(8,732,562)	(9,764,514)	(8,694,216)
		<u>(155,003,324)</u>	<u>(154,164,718)</u>	<u>(155,370,882)</u>
Non-operating grants, subsidies and contributions	2(a)	21,254,356	21,690,012	25,604,896
Profit on asset disposals	11(a)	504,360	1,081,225	1,523,132
(Loss) on asset disposals	11(a)	(362,880)	0	(259,197)
Fair value adjustments to financial assets at fair value through profit or loss		5,172	0	2,305
Adjusted share former associates loan liabilities	18(b)	(36,683)	0	630,030
Share of net profit of associates accounted for using the equity method	27(a)	0	0	(675,004)
(Loss) on revaluation of Other infrastructure - marina	10(a)	(6,476,864)	0	0
		<u>14,887,461</u>	<u>22,771,237</u>	<u>26,826,162</u>
<b>Net result for the period</b>		<b>15,619,714</b>	<b>23,033,753</b>	<b>23,261,647</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	14	22,254,558	0	29,394,970
<b>Total other comprehensive income for the period</b>		<b>22,254,558</b>	<b>0</b>	<b>29,394,970</b>
<b>Total comprehensive income for the period</b>		<b>37,874,272</b>	<b>23,033,753</b>	<b>52,656,617</b>

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



**CITY OF COCKBURN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2021**

		2021	2021	2020
	NOTE	Actual	Revised Budget	Actual
		\$	\$	\$
<b>Revenue</b>				
Governance		151,203	133,321	456,336
General purpose funding		114,751,073	112,642,459	116,529,403
Law, order, public safety		1,454,422	1,126,711	999,207
Health		418,876	466,354	328,179
Education and welfare		7,959,408	9,008,756	8,166,946
Community amenities		12,467,200	12,385,132	10,417,466
Recreation and culture		12,127,147	12,379,340	9,400,979
Transport		221,737	192,027	277,307
Economic services		2,337,995	2,252,205	1,763,225
Other property and services		3,846,516	3,840,931	3,467,319
		<u>155,735,577</u>	<u>154,427,236</u>	<u>151,806,367</u>
<b>Expenses</b>				
Governance		(11,172,555)	(11,914,002)	(13,170,743)
General purpose funding		(292,788)	(244,156)	(1,095,173)
Law, order, public safety		(6,962,821)	(6,893,063)	(7,000,600)
Health		(2,473,411)	(2,656,824)	(2,442,713)
Education and welfare		(15,438,384)	(16,703,653)	(15,182,975)
Community amenities		(32,385,258)	(31,353,680)	(33,409,514)
Recreation and culture		(46,909,936)	(45,360,976)	(43,730,616)
Transport		(31,624,909)	(30,775,699)	(31,362,870)
Economic services		(2,987,913)	(2,965,235)	(2,694,409)
Other property and services		(3,580,616)	(4,601,432)	(4,559,854)
		<u>(153,828,591)</u>	<u>(153,468,720)</u>	<u>(154,649,467)</u>
<b>Finance Costs</b>				
Governance		(3,843)	0	(8,542)
General purpose funding		(526,017)	(526,000)	(617,805)
Law, order, public safety		(36)	0	(47)
Education and welfare		(385)	0	(555)
Community amenities		(641,498)	(170,000)	(89,339)
Recreation and culture		(869)	0	(1,263)
Other property and services		(2,085)	0	(3,864)
	2(b)	<u>(1,174,733)</u>	<u>(696,000)</u>	<u>(721,415)</u>
Non-operating grants, subsidies and contributions	2(a)	21,254,356	21,690,012	25,604,896
Profit on disposal of assets	11(a)	504,360	1,081,225	1,523,132
(Loss) on disposal of assets	11(a)	(362,880)	0	(259,197)
Fair value adjustments to financial assets at fair value through profit or loss		5,172	0	2,305
Adjusted share former associates loan liabilities	18(b)	(36,683)	0	630,030
Share of net profit of associates accounted for using the equity method	27(a)	0	0	(675,004)
(Loss) on revaluation of Other infrastructure - marina	10(a)	(6,476,864)	0	0
		<u>14,887,461</u>	<u>22,771,237</u>	<u>26,826,162</u>
<b>Net result for the period</b>		<b>15,619,714</b>	<b>23,033,753</b>	<b>23,261,647</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	14	22,254,558	0	29,394,970
<b>Total other comprehensive income for the period</b>		<b>22,254,558</b>	<b>0</b>	<b>29,394,970</b>
<b>Total comprehensive income for the period</b>		<b>37,874,271</b>	<b>23,033,753</b>	<b>52,656,617</b>

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



**CITY OF COCKBURN  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021**

	NOTE	2021 \$	2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	4,606,858	5,133,910
Trade and other receivables	6	6,770,687	7,640,553
Other financial assets	5(a)	197,500,000	169,400,000
Inventories	7	39,896	31,107
Other assets	8	5,396,926	4,500,651
<b>TOTAL CURRENT ASSETS</b>		<b>214,314,367</b>	<b>186,706,221</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	6	1,324,079	1,361,772
Other financial assets	5(b)	1,089,135	1,093,670
Property, plant and equipment	9	339,326,772	333,321,662
Infrastructure	10	890,486,978	871,151,088
Intangible assets	13(a)	19,010,399	20,636,687
Right-of-use assets	12(a)	310,363	708,987
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,251,547,726</b>	<b>1,228,273,866</b>
<b>TOTAL ASSETS</b>		<b>1,465,862,093</b>	<b>1,414,980,087</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15(a)	17,194,160	15,351,658
Other liabilities	16	6,552,672	713,380
Lease liabilities	17(a)	218,182	421,881
Borrowings	18(a)	4,020,624	3,226,983
Employee related provisions	19	9,499,673	7,953,702
Other provisions	20	0	800,000
<b>TOTAL CURRENT LIABILITIES</b>		<b>37,485,311</b>	<b>28,467,604</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	15(b)	2,010,562	884,565
Other liabilities	16	23,478,448	15,527,154
Lease liabilities	17(a)	115,739	344,141
Borrowings	18(a)	11,445,281	16,171,527
Employee related provisions	19	1,481,992	2,093,180
Other provisions	20	32,062,428	31,583,854
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>70,594,450</b>	<b>66,604,421</b>
<b>TOTAL LIABILITIES</b>		<b>108,079,761</b>	<b>95,072,025</b>
<b>NET ASSETS</b>		<b>1,357,782,332</b>	<b>1,319,908,062</b>
<b>EQUITY</b>			
Retained surplus		555,827,438	561,835,270
Reserves - cash/financial asset backed	4	171,410,638	149,783,094
Revaluation surplus	14	630,544,256	608,289,698
<b>TOTAL EQUITY</b>		<b>1,357,782,332</b>	<b>1,319,908,062</b>

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



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

NOTE	RESERVES CASH/FINANCIAL			TOTAL EQUITY
	RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS	
	\$	\$	\$	\$
<b>Balance as at 1 July 2019</b>	<b>563,455,916</b>	<b>142,586,242</b>	<b>578,894,728</b>	<b>1,284,936,886</b>
Change in accounting policy	(17,685,441)	0	0	(17,685,441)
<b>Restated balance at the beginning of the financial year</b>	<b>545,770,475</b>	<b>142,586,242</b>	<b>578,894,728</b>	<b>1,267,251,445</b>
Comprehensive income				
Net result for the period	23,261,647	0	0	23,261,647
Other comprehensive income	14	0	29,394,970	29,394,970
Total comprehensive income	23,261,647	0	29,394,970	52,656,617
Transfers from reserves	4	(41,223,343)	0	0
Transfers to reserves	4	(48,420,195)	0	0
<b>Balance as at 30 June 2020</b>	<b>561,835,270</b>	<b>149,783,094</b>	<b>608,289,698</b>	<b>1,319,908,062</b>
<b>Restated balance at 1 July 2020</b>	<b>561,835,270</b>	<b>149,783,094</b>	<b>608,289,698</b>	<b>1,319,908,062</b>
Comprehensive income				
Net result for the period	15,619,714	0	0	15,619,714
Other comprehensive income	14	0	22,254,558	22,254,558
Total comprehensive income	15,619,714	0	22,254,558	37,874,272
Transfers from reserves	4	(40,482,863)	0	0
Transfers to reserves	4	(62,110,406)	0	0
<b>Balance as at 30 June 2021</b>	<b>555,827,438</b>	<b>171,410,638</b>	<b>630,544,256</b>	<b>1,357,782,332</b>

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



**CITY OF COCKBURN  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Rates	109,208,389	108,321,259	107,575,107
Operating grants, subsidies and contributions	20,007,151	6,808,728	13,877,283
Fees and charges	30,280,412	28,013,718	27,357,438
Interest received	1,786,797	2,930,000	4,500,685
Goods and services tax received	4,625,722	11,925,610	4,214,404
	<u>165,908,471</u>	<u>157,999,315</u>	<u>157,524,917</u>
<b>Payments</b>			
Employee costs	(62,131,292)	(61,163,841)	(58,990,864)
Materials and contracts	(36,122,559)	(36,628,285)	(41,407,197)
Utility charges	(6,002,003)	(5,749,538)	(5,483,944)
Interest expenses	(1,174,733)	(696,000)	(721,414)
Insurance paid	(1,681,861)	(1,723,200)	(1,533,725)
Goods and services tax paid	(3,348,808)	(5,962,805)	(5,500,877)
Other expenditure	(8,732,563)	(9,580,919)	(8,694,216)
	<u>(119,193,819)</u>	<u>(121,504,588)</u>	<u>(122,332,237)</u>
<b>Net cash provided by operating activities</b>	21 46,714,652	36,494,727	35,192,681
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of property, plant & equipment	9(a) (19,508,521)	(25,603,900)	(11,128,321)
Payments for construction of infrastructure	(16,264,940)	(25,621,963)	(22,337,191)
Non-operating grants, subsidies and contributions	12,369,680	9,339,600	11,372,253
Payments for financial assets at amortised cost	(28,090,293)	(250,000)	(11,950,334)
Receipts of Public Open Space payments	5,419,364	0	0
Proceeds from sale of property, plant & equipment	11(a) 1,512,958	836,100	2,693,952
<b>Net cash used in investing activities</b>	(44,561,752)	(41,300,163)	(31,349,641)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings	18(b) (3,969,288)	(3,900,000)	(3,905,043)
Net receipts/(refund) of bonds	1,702,756	0	(1,920,960)
Payments for principal portion of lease liabilities	17(b) (413,420)	0	(469,799)
Proceeds from new borrowings	18(b) 0	5,277,400	0
<b>Net cash used in financing activities</b>	(2,679,952)	1,377,400	(6,295,802)
<b>Net decrease in cash held</b>	(527,052)	(3,428,036)	(2,452,762)
Cash at beginning of year	5,133,910	11,677,896	7,586,674
<b>Cash and cash equivalents at the end of the year</b>	21 4,606,858	8,249,860	5,133,910

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



**CITY OF COCKBURN  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	30 (b)	12,171,050	2,000,000	7,236,184
		12,171,050	2,000,000	7,236,184
<b>Revenue from operating activities (excluding rates)</b>				
Governance		151,203	133,321	456,336
General purpose funding		6,968,590	4,871,800	10,850,266
Law, order, public safety		1,454,422	1,131,711	999,207
Health		418,876	466,354	328,179
Education and welfare		7,959,408	9,008,756	8,166,946
Community amenities		12,467,200	12,385,132	10,417,466
Recreation and culture		12,127,147	12,379,340	9,400,979
Transport		495,639	662,751	492,261
Economic services		2,337,995	2,252,205	3,071,403
Other property and services		4,076,973	4,446,432	3,467,319
		48,457,451	47,737,802	47,650,362
<b>Expenditure from operating activities</b>				
Governance		(11,176,398)	(11,914,002)	(13,179,285)
General purpose funding		(818,805)	(770,156)	(1,712,978)
Law, order, public safety		(6,962,857)	(6,893,063)	(7,157,321)
Health		(2,473,411)	(2,656,824)	(2,442,713)
Education and welfare		(15,438,769)	(16,703,653)	(15,183,530)
Community amenities		(33,026,756)	(31,523,680)	(33,498,853)
Recreation and culture		(47,273,685)	(45,360,976)	(43,731,879)
Transport		(31,624,909)	(30,775,699)	(31,362,870)
Economic services		(2,987,913)	(2,965,235)	(2,694,409)
Other property and services		(10,059,564)	(4,601,432)	(4,666,241)
		(161,843,067)	(154,164,720)	(155,630,079)
<b>Non-cash amounts excluded from operating activities</b>	30(a)	52,791,958	36,599,817	37,150,738
<b>Amount attributable to operating activities</b>		(48,422,608)	(67,827,101)	(63,592,795)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	21,254,356	21,690,012	25,604,896
Proceeds from disposal of assets	11(a)	1,512,958	836,100	2,693,952
Proceeds from financial assets at amortised cost - self supporting loans		0	(250,000)	0
Purchase of property, plant and equipment	9(a)	(19,508,521)	(25,603,900)	(11,128,321)
Purchase and construction of infrastructure	10(a)	(27,681,546)	(25,621,963)	(36,569,834)
Recognition of rehabilitation asset	13(a)	(307,177)	0	1,098,378
		(24,729,930)	(28,949,751)	(18,300,929)
<b>Amount attributable to investing activities</b>		(24,729,930)	(28,949,751)	(18,300,929)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	18(b)	(3,969,288)	(3,900,000)	(3,905,043)
Proceeds from borrowings	18(c)	0	5,277,400	0
Payments for principal portion of lease liabilities	17(b)	(413,420)	0	(469,799)
Transfers to reserves (restricted assets)	4	(62,110,406)	(60,293,640)	(48,420,195)
Transfers from reserves (restricted assets)	4	40,482,863	71,751,849	41,223,343
<b>Amount attributable to financing activities</b>		(26,010,250)	12,835,609	(11,571,694)
<b>Surplus/(deficit) before imposition of general rates</b>		(99,162,789)	(83,941,243)	(93,465,418)
<b>Total amount raised from general rates</b>	29(a)	107,750,972	107,770,659	105,636,468
<b>Surplus/(deficit) after imposition of general rates</b>	30(b)	<b>8,588,183</b>	<b>23,829,416</b>	<b>12,171,050</b>

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



**CITY OF COCKBURN  
INDEX OF NOTES TO THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

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

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

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

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

**THE LOCAL GOVERNMENT REPORTING ENTITY**

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

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

All monies held in the Trust Fund have now been transferred back to reserves as per the Town Planning Act.

**INITIAL APPLICATION OF ACCOUNTING STANDARDS**

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

These were

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

The adoption of these standards had no material impact on the financial report.

**NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS**

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

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

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

**CRITICAL ACCOUNTING ESTIMATES**

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of 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.



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

**2. REVENUE AND EXPENSES**

**(a) Grant revenue**

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

	2021 Actual \$	2021 Revised Budget \$	2020 Actual \$
<b>Operating grants, subsidies and contributions</b>			
Governance	103,391	85,940	293,609
General purpose funding	4,424,943	2,019,256	4,224,085
Law, order, public safety	387,416	436,660	318,712
Health	32,901	55,254	34,586
Education and welfare	7,517,937	8,166,530	6,925,336
Community amenities	1,369,832	1,302,371	747,294
Recreation and culture	809,076	906,706	693,832
Transport	(18,923)	(47,973)	107,239
Economic services	1,687	4,000	5,862
Other property and services	734,940	863,820	374,252
	<b>15,363,201</b>	<b>13,792,564</b>	<b>13,724,805</b>
<b>Non-operating grants, subsidies and contributions</b>			
General purpose funding	3,026,000	0	3,768,966
Law, order, public safety	13,636	15,000	0
Community amenities	207,853	4,006,606	95,182
Recreation and culture	3,539,310	6,892,427	1,752,220
Transport	14,302,440	10,628,454	17,603,196
Other property and services	165,116	147,525	2,385,332
	<b>21,254,356</b>	<b>21,690,012</b>	<b>25,604,896</b>
<b>Total grants, subsidies and contributions</b>	<b>36,617,557</b>	<b>35,482,576</b>	<b>39,329,701</b>
<b>Fees and charges</b>			
Governance	47,811	47,381	162,256
General purpose funding	240,393	205,100	1,599,405
Law, order, public safety	1,067,006	690,051	680,495
Health	385,975	411,100	293,594
Education and welfare	435,245	842,225	1,224,028
Community amenities	11,097,369	11,082,761	9,670,173
Recreation and culture	11,318,071	11,472,633	8,707,147
Transport	240,660	240,000	170,068
Economic services	2,336,308	2,248,205	1,757,363
Other property and services	3,111,574	2,977,111	3,092,908
	<b>30,280,412</b>	<b>30,216,567</b>	<b>27,357,438</b>

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, subsidies and contributions**

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

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

**Fees and Charges**

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



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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2021 Actual \$	2021 Revised Budget \$	2020 Actual \$
<b>Contracts with customers and transfers for recognisable non-financial assets</b>			
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City was recognised during the year for the following nature or types of goods or services:			
Operating grants, subsidies and contributions	15,363,201	13,792,564	13,724,805
Fees and charges	30,280,412	30,216,567	27,357,438
Non-operating grants, subsidies and contributions	21,254,356	21,690,012	25,604,896
	66,897,968	65,699,144	66,687,139
Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non-financial assets is:			
Trade and other receivables from contracts with customers	4,538,533		3,342,043
Contract liabilities from contracts with customers	(6,552,672)		(713,380)
Grant liabilities from transfers for recognisable non-financial assets	(18,059,084)		(15,527,154)

Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'. Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met. Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less. Consideration from contracts with customers is included in the transaction price. Performance obligations in relation to contract liabilities from transfers for recognisable non-financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.



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

**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

**Revenue from statutory requirements**

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

	2021 Actual \$	2021 Revised Budget \$	2020 Actual \$
<b>General rates</b>	107,750,972	107,770,659	105,636,468
Specified area rates	554,196	550,600	586,971
Statutory permits and licences	1,532,903	0	1,002,729
Fines	845,327	0	226,674
Developer contributions	7,490,562	0	6,247,423
Public open space contributions	0	0	751,809
	<b>118,173,960</b>	<b>108,321,259</b>	<b>114,452,074</b>
<b>Interest earnings</b>			
Rates instalment and penalty interest (refer Note 29(c))	(607)	0	249,376
Other interest earnings	1,787,404	1,830,000	4,251,309
	<b>1,786,797</b>	<b>1,830,000</b>	<b>4,500,685</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Interest earnings**

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

**Interest earnings (continued)**

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



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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses	Note	2021 Actual \$	2021 Revised Budget \$	2020 Actual \$
<b>Auditors remuneration</b>				
- Audit of the Annual Financial Report		75,000	75,000	81,000
- Other services		13,014	32,225	10,999
		88,014	107,225	91,999
<b>Interest expenses (finance costs)</b>				
Borrowings	18(b)	688,838	696,000	840,664
Accretion expense		478,574	0	(133,771)
Lease liabilities	17(b)	7,321	0	14,521
		1,174,733	696,000	721,414
<b>Other expenditure</b>				
Sundry expenses		8,732,562	9,764,514	8,694,216
		8,732,562	9,764,514	8,694,216



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

**2. REVENUE AND EXPENSES**

**REVENUE RECOGNITION POLICY**

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates - general rates	General rates	Over time	Payment dates adopted by council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Rates - specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the funding body	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Fees and charges - administration fees	Fees relating to FESA, Service Charges, Building, Pet Registration, Impounding, Licencing, Planning, Search and Supervision fees	Single point in time	Payment in full in advance	None	Set by State legislation or adopted by council annually	Based on the timing of issue and/ or transfer of rights	Not applicable	When the service is rendered and complete or upon payment of the licence, registration or approval
Fees and charges - fines	Fines issued for breaches of local laws	Single point in time	Payment in full within defined time	None	Adopted by council through local law	When taxable event occurs	Not applicable	When fine is issued
Fees and charges - memberships	Gym and pool memberships	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period of facility	Returns limited to repayment of transaction	Output method over 12 months matched to access right
Fees and charges - other inspections	Regulatory food, health and safety check	Single point in time	Full payment prior to inspection	None	Adopted by council annually based on State Government Legislation	Applied fully on timing on inspection	Not applicable	After inspection event occurs
Fees and charges - pool inspections	Pool compliance safety check	Single point in time	Equal proportion based on an equal annual fee	None	Set by State legislation	Apportioned equally across the inspection cycle	Not applicable	After inspection event occurs
Fees and charges - property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction	On entry or conclusion of hire
Fees and charges - sundry sales	Sale of minor items	Single point in time	In full in advance	Returns for faulty items	Adopted by council annually	When taxable event occurs	Returns limited to repayment of transaction	On delivery of good
Fees and charges - waste management collections	Kerbside collection services	Over time	Payment on an annual basis	None	Adopted by council annually	Apportioned equally across the collection period	Returns limited to repayment of transaction	Based on regular weekly and fortnightly period proportionate to collection service
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal terms if credit provided	None	Adopted by council annually	Based on the timing of entry to the facility	Not applicable	On entry to facility
Fees and charges for other goods and services	Works for drainage modifications, kerbing or any other private works not associated with crossovers	Single point in time	When works are complete	None	Quotes determined by scale and nature of project and should match expenditure	Applied fully upon successful completion of works	Not applicable	After works are complete



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

**3. CASH AND CASH EQUIVALENTS**

	NOTE	2021 \$	2020 \$
Cash at bank and on hand		4,606,858	5,133,910
<b>Total cash and cash equivalents</b>		<b>4,606,858</b>	<b>5,133,910</b>
<b>Restrictions</b>			
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		3,709,844	3,846,465
- Financial assets at amortised cost		179,973,871	150,667,659
		<b>183,683,715</b>	<b>154,514,124</b>
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Reserves - cash/financial asset backed	4	171,410,637	149,783,094
Contract liabilities from contracts with customers	16	6,552,672	713,380
Bonds & deposits		5,720,406	4,017,650
<b>Total restricted assets</b>		<b>183,683,715</b>	<b>154,514,124</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

**Restricted assets**

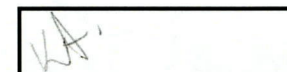
Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that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



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

4. RESERVES - CASH/FINANCIAL ASSET BACKED	2021	2021	2021	2021	2021	2021	2021	2020	2020	2020	2020	
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Revised Budget Opening Balance	Revised Budget Transfer to	Revised Budget Transfer (from)	Revised Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Staff Payments & Entitlements	1,633,128	0	(40,000)	1,593,128	1,633,128	0	(40,000)	1,593,128	1,679,842	143,286	(190,000)	1,633,128
(b) Plant & Vehicle Replacement	11,400,754	3,117,086	(2,647,846)	11,869,994	11,400,754	3,024,727	(4,479,848)	9,945,633	11,016,204	3,178,961	(2,794,410)	11,400,754
(c) Information Technology	501,249	1,200,000	(774,650)	926,599	501,249	1,200,000	(1,090,651)	610,598	302,718	203,531	(5,000)	501,249
(d) Major Building Refurbishment	16,677,163	3,000,000	(2,335,874)	17,341,289	16,677,163	3,000,000	(3,170,032)	16,507,131	14,878,218	1,801,413	(2,467)	16,677,163
(e) Waste & Recycling	12,200,267	1,964,254	(1,640,862)	12,523,659	12,200,267	1,964,254	(5,509,393)	8,655,128	15,481,387	1,194,695	(4,475,815)	12,200,267
(f) Land Development and Investment Fund	11,002,645	2,211,775	(350,700)	12,863,720	11,002,645	5,568,114	(11,444,682)	5,126,077	9,638,807	1,790,200	(426,362)	11,002,645
(g) Roads & Drainage Infrastructure	10,442,059	4,638,533	(2,877,047)	12,203,545	10,428,351	4,638,533	(7,850,304)	7,216,580	12,944,726	2,243,228	(4,745,895)	10,442,059
(h) Naval Base Shacks	1,161,639	81,260	0	1,242,899	1,161,639	18,287	0	1,179,926	1,132,099	43,225	(13,685)	1,161,639
(i) Community Infrastructure	27,777,436	3,500,000	(9,520,055)	21,757,381	27,777,436	3,500,000	(12,973,688)	18,303,748	19,187,585	10,370,689	(1,780,838)	27,777,436
(j) Insurance	2,235,907	500,000	(63,233)	2,672,674	2,235,907	500,000	(100,000)	2,635,907	1,806,509	696,102	(266,705)	2,235,907
(k) Greenhouse Action Fund	741,641	200,000	(232,703)	708,938	741,641	200,000	(288,330)	653,311	572,892	206,419	(37,670)	741,641
(l) Aged and Disabled Asset Replacement	391,623	40,711	(9,462)	422,872	391,623	41,973	(35,675)	397,921	372,120	112,111	(92,607)	391,623
(m) Welfare Projects Employee Entitlements	1,611,878	903,894	(664,999)	1,850,773	1,611,878	918,465	0	2,530,342	1,044,584	699,089	(131,796)	1,611,878
(n) HWRP Post Closure Management & Contaminated Sites	3,501,513	250,000	(835,839)	2,915,674	3,501,513	250,000	(908,602)	2,842,911	2,373,754	1,133,336	(5,577)	3,501,513
(o) Municipal Elections	1,420	150,000	0	151,420	1,420	150,000	0	151,420	80,756	664	(80,000)	1,420
(p) Port Coogee Special Maintenance - SAR	1,820,480	374,034	(213,614)	1,980,900	1,820,480	422,245	(219,815)	2,022,909	1,864,041	471	(44,032)	1,820,480
(q) Port Coogee Waterways - SAR	102,267	93,989	(50,000)	146,256	102,267	56,891	(50,000)	109,159	(73,780)	459,772	(283,725)	102,267
(r) Community Surveillance	864,697	200,000	(131,827)	932,870	864,697	200,000	(135,050)	929,647	856,666	58,031	(50,000)	864,697
(s) Waste Collection	4,199,528	2,339,328	(26,000)	6,512,856	4,199,528	2,339,328	(151,000)	6,387,856	4,113,202	208,257	(121,932)	4,199,528
(t) Family Day Care Accumulation Fund	11,474	85	0	11,559	11,474	0	0	11,474	(899,514)	1,452,205	(541,216)	11,474
(u) Community Infrastructure (DCA 13)	4,782,645	5,125,095	(3,074,748)	6,832,991	4,782,645	3,017,282	(3,065,564)	4,734,363	4,782,512	133	0	4,782,645
(v) Naval Base Shack Removal	652,448	140,367	0	792,815	652,448	38,475	0	690,923	652,448	0	(0)	652,448
(w) Environmental Offset	308,011	0	(59,252)	248,759	308,011	0	(59,252)	248,759	251,049	56,962	0	308,011
(x) Bibra Lake Management Plan	521,086	0	(328,118)	192,968	521,086	0	(520,000)	1,086	524,211	3,623	(6,748)	521,086
(y) Restricted Grants & Contributions	5,786,772	2,805,355	(3,417,993)	5,174,134	4,982,925	0	(4,686,384)	296,541	5,845,277	6,305	(64,810)	5,786,772
(z) CIHCF Building Maintenance	9,327,472	1,360,665	0	10,688,137	9,327,472	1,458,228	0	10,785,700	10,166,184	5,649,946	(6,488,658)	9,327,472
{ Cockburn ARC Building Maintenance	3,718,365	1,500,000	0	5,218,365	3,718,365	1,500,000	0	5,218,365	2,137,584	1,584,281	(3,500)	3,718,365
{ Carry Forward Projects	2,850,851	17,918,715	(8,902,343)	11,867,223	2,850,851	17,918,715	(12,782,585)	7,986,981	1,186,832	1,664,019	0	2,850,851
{ Port Coogee Marina Assets Replacement	1,484,887	300,000	0	1,784,887	1,484,887	300,000	0	1,784,887	4,566,687	8,780,584	(11,862,384)	1,484,887
{ Port Coogee Waterways - WEMP	1,302,071	9,711	(65,245)	1,246,537	1,302,071	15,831	(100,000)	1,217,902	1,108,816	314,855	(121,600)	1,302,071
{ Cockburn Coast SAR	25,209	35,753	(10,318)	50,644	25,209	30,465	(11,330)	44,344	83,847	15,659	(74,297)	25,209
{ Developer Contribution Plans	10,744,509	2,365,468	(1,883,884)	11,226,093	10,758,217	2,256,857	(1,107,961)	11,907,113	10,736,140	24,927	(16,558)	10,744,509
{ POS Reserve	0	5,784,328	(326,251)	5,458,077	0	5,764,971	(971,703)	4,793,268	2,171,837	4,323,218	(6,495,055)	0
	149,783,094	62,110,406	(40,482,863)	171,410,637	148,979,248	60,293,640	(71,751,849)	137,521,039	142,586,242	48,420,195	(41,223,343)	149,783,094

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.

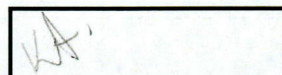




**CITY OF COCKBURN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

In accordance with Council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Staff Payments & Entitlements	ongoing	This Reserve provides for payment of various staff entitlements including separation, bonus, awards and other payments made to Staff either through contractual or statutory entitlement, other than leave liabilities already provided for within the City's net asset position.
(b) Plant & Vehicle Replacement	ongoing	This Reserve provides for the orderly replacement of plant and vehicles. Annual transfers into this Reserve are based on the estimated depreciation charge for plant each year. Funds are drawn as required to meet annual plant replacement costs.
(c) Information Technology	ongoing	This Reserve is used to provide for the capital cost of upgrading/replacement of Council's computer hardware and software.
(d) Major Building Refurbishment	ongoing	This Reserve provides funding for future major refurbishment of Council buildings as they become necessary. Annual transfers are usually made to this Reserve from any end of year surplus.
(e) Waste & Recycling	majority by 2040	This Reserve provides funding for capital costs associated with the development and management of a waste disposal site. Transfers to this Reserve are made based on planned future capital funding requirements for waste management.
(f) Land Development and Investment Fund	ongoing	This Reserve is to accommodate and facilitate the purchase, development and disposal of land under the Council's land development strategies with the ability to loan funds on an interest payable basis to other reserve accounts of the City.
(g) Roads & Drainage Infrastructure	ongoing	The purpose of this Reserve is to provide for the renewal and refurbishment of roads and drainage infrastructure and for the provision of matching funds for Federal & State Government road grants.
(h) Naval Base Shacks	ongoing	This Reserve provides funds for the development & refurbishment of the Naval Base shacks site. It will also fund rehabilitation costs when the Park reverts back to the State Government. Annual transfers to this Reserve are fully funded by part of the lease income derived from the shacks.
(i) Community Infrastructure	ongoing	This Reserve funds the provision of community and recreation facilities within the City as the need arises. The requirement for these facilities over the next five to ten years is significant due to the rapid rate of development within the city and the associated population growth.
(j) Insurance	ongoing	This Reserve is used to minimise and smooth annual budgetary impacts from the City's performance based insurance schemes, including deductibility levels.
(k) Greenhouse Action Fund	ongoing	This Reserve will be used to purchase carbon offsets and fund projects to support energy efficiency, waste management and renewable energy installations.
(l) Aged and Disabled Asset Replacement	ongoing	This Reserve is fully funded from the operating government grants received by the services and has no budgetary impact on Municipal funds.
(m) Welfare Projects Employee Entitlements	ongoing	This Reserve is fully funded from the operating government grants received by the services and has no budgetary impact on Municipal funds.
(n) HWRP Post Closure Management & Contaminated Sites	ongoing	This Reserve is required to cover any costs associated with clean-up & remediation works at contaminated sites within the district as enforced by the Contaminated Sites Act.
(o) Municipal Elections	ongoing	This Reserve provides funding to cover election expenses during election years to smooth out annual budgetary impacts.
(p) Port Coogee Special Maintenance - SAR	ongoing	This Reserve is used to manage funds raised through the specified area rate (SAR) for the Port Coogee development. These funds are required for the specialised maintenance requirements of the development.
(q) Port Coogee Waterways - SAR	ongoing	This Reserve is used to manage funds raised through the specified area rate (SAR) for the Port Coogee development on land directly adjacent to the waterways. These funds are required for the maintenance of the waterways surrounding Port Coogee marina and associated infrastructure.
(r) Community Surveillance	ongoing	This Reserve funds activities in relation to Community Surveillance.
(s) Waste Collection	ongoing	This reserve provides funding for future capital requirements related to the Waste Collection service.
(t) Family Day Care Accumulation Fund	ongoing	This Reserve is fully funded from the operating government grants received by the services and has no budgetary impact on Municipal funds.
(u) Community Infrastructure (DCA 13)	ongoing	This reserve is used to account for funds generated from the Community Infrastructure Development Contributions Scheme (DCP13) established under the City's Town Planning Scheme No. 3.
(v) Naval Base Shack Removal	uncertain	Established for the purposes of the future removal of leasehold dwellings at Reserve 24308, Naval Base. All funds raised are to be accounted for on a property lease by lease basis, and not on who paid the actual payment at the time of the payment. Funds raised will be reimbursed to leaseholders when dwelling is removed and the This Reserve is used to manage funds required to undertake environmental rehabilitation of land associated with road construction as approved by the relevant government agency.
(w) Environmental Offset	ongoing	This Reserve is used to manage funding to implement the Bibra Lake Management Plan as adopted by Council.
(x) Bibra Lake Management Plan	ongoing	This Reserve is used to quarantine monies received for restricted purposes across financial years.
(y) Restricted Grants & Contributions	ongoing	This Reserve is used to manage funding for major building maintenance of the Cockburn Integrated Health and Community Facility (CIHCF).
(z) CIHCF Building Maintenance	ongoing	This Reserve is used to manage funding for the major building maintenance of the Cockburn ARC recreation facility.
({) Cockburn ARC Building Maintenance	ongoing	This reserve is used to manage municipal funding for incomplete projects carried forward to the following financial year.
( ) Carry Forward Projects	ongoing	This Reserve provides for the replacement of marina infrastructure assets. Funding is provided from pen fees to reflect estimated depreciation costs.
(}) Port Coogee Marina Assets Replacement	ongoing	This Reserve is used to manage the funds paid by the developer of the Port Coogee marina development in accordance with the Waterways Environmental Management Plan (WEMP). The funds will be used to maintain and manage the marina waterways.
(~) Port Coogee Waterways - WEMP	ongoing	This Reserve is used to manage funds raised through the specified area rate (SAR) providing funding to ensure that the parks and public areas (including custom street lighting) within the Cockburn Coast Development are maintained in accordance with the higher standards agreed to between the City and the Developer.
(⌋) Cockburn Coast SAR	ongoing	This Reserve is used for the management of contributions and costs with respect to Development Contribution Areas as established by and in accordance with Town Planning Scheme 3.
(€) Developer Contribution Plans	ongoing	
(.) POS Reserve		





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

**5. OTHER FINANCIAL ASSETS**

**(a) Current assets**

Financial assets at amortised cost

	2021	2020
	\$	\$
Financial assets at amortised cost	197,500,000	169,400,000
	<u>197,500,000</u>	<u>169,400,000</u>
<b>Other financial assets at amortised cost</b>		
Term deposits	197,500,000	169,400,000
	<u>197,500,000</u>	<u>169,400,000</u>
<b>(b) Non-current assets</b>		
Financial assets at amortised cost	941,521	951,228
Financial assets at fair value through profit and loss	147,614	142,442
	<u>1,089,135</u>	<u>1,093,670</u>
<b>Financial assets at amortised cost</b>		
Emerald Reverse Mortgage Securities	941,521	951,228
	<u>941,521</u>	<u>951,228</u>
<b>Financial assets at fair value through profit and loss</b>		
Units in Local Government House Trust	147,614	142,442
	<u>147,614</u>	<u>142,442</u>

**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 cashflows, 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:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- 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 31



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

**6. TRADE AND OTHER RECEIVABLES**

**Current**

Rates receivable  
Trade and other receivables  
GST receivable

**Non-current**

Pensioner's rates and ESL deferred  
Accrued debtors

	2021	2020
	\$	\$
Rates receivable	2,153,253	2,942,695
Trade and other receivables	4,538,533	3,342,043
GST receivable	78,901	1,355,815
	<b>6,770,687</b>	<b>7,640,553</b>
Pensioner's rates and ESL deferred	1,056,416	1,092,961
Accrued debtors	267,663	268,811
	<b>1,324,079</b>	<b>1,361,772</b>

**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 31.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Classification and subsequent measurement**

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

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

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



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

**7. INVENTORIES**

**Current**

Fuel and materials

	2021	2020
	\$	\$
	39,896	31,107
	<u>39,896</u>	<u>31,107</u>
	31,107	33,335
	8,789	(2,228)
	<u>39,896</u>	<u>31,107</u>

The following movements in inventories occurred during the year:

**Balance at beginning of year**

**Additions/(reductions) to inventory**

**Balance at end of year**

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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



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

**8. OTHER ASSETS**

**Other assets - current**

Prepayments  
Accrued income

	2021	2020
	\$	\$
	605,421	474,498
	4,791,505	4,026,153
	<b>5,396,926</b>	<b>4,500,651</b>

**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.

**Accrued income**

Accrued income represents income which has been earned by the City but which have not been invoiced or received at balance sheet date.





CITY OF COCKBURN  
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FOR THE YEAR ENDED 30 JUNE 2021

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings - non- specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Computer equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	82,952,040	233,613,717	316,565,757	1,634,608	13,523,749	4,039,032	335,763,146
Additions	176,697	5,127,930	5,304,627	36,110	4,211,685	1,575,899	11,128,321
(Disposals)	(158,000)	(259,197)	(417,197)	0	(1,012,820)	0	(1,430,017)
Revaluation increments / (decrements) transferred to revaluation surplus	0	(557,365)	(557,365)	0	0	0	(557,365)
Depreciation (expense)	0	(6,453,057)	(6,453,057)	(361,264)	(3,284,696)	(1,483,406)	(11,582,423)
<b>Balance at 30 June 2020</b>	82,970,737	231,472,028	314,442,765	1,309,454	13,437,918	4,131,525	333,321,662
<b>Comprises:</b>							
Gross balance amount at 30 June 2020	82,970,737	316,362,349	399,333,086	3,556,888	23,915,413	8,543,865	435,349,252
Accumulated depreciation at 30 June 2020	0	(84,890,321)	(84,890,321)	(2,247,434)	(10,477,495)	(4,412,340)	(102,027,590)
<b>Balance at 30 June 2020</b>	82,970,737	231,472,028	314,442,765	1,309,454	13,437,918	4,131,525	333,321,662
Additions	280,000	14,264,988	14,544,988	0	3,774,304	1,189,229	19,508,521
(Disposals)	(383,662)	(362,880)	(746,542)	0	(624,936)	0	(1,371,478)
Revaluation increments / (decrements) transferred to revaluation surplus	2,242,125	(1,995,558)	246,567	0	0	0	246,567
Depreciation (expense)	0	(6,440,036)	(6,440,036)	(349,808)	(3,289,721)	(1,579,491)	(11,659,056)
Transfers	0	(719,444)	(719,444)	0	0	0	(719,444)
<b>Balance at 30 June 2021</b>	85,109,200	236,219,098	321,328,298	959,646	13,297,565	3,741,263	339,326,772
<b>Comprises:</b>							
Gross balance amount at 30 June 2021	85,109,200	328,876,864	413,986,064	2,363,780	24,907,560	9,690,899	450,948,303
Accumulated depreciation at 30 June 2021	0	(92,657,766)	(92,657,766)	(1,404,134)	(11,609,995)	(5,949,636)	(111,621,531)
<b>Balance at 30 June 2021</b>	85,109,200	236,219,098	321,328,298	959,646	13,297,565	3,741,263	339,326,772



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

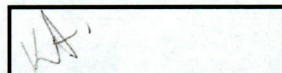
9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>(i) Fair Value</b>					
<b>Land and buildings</b>					
Land	Level 2 and 3	Market Approach, Cost Approach using Current Replacement Cost	Independent Registered Valuer	June 2021	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.
Buildings - non-specialised	Level 2 and 3	Market Approach, Cost Approach using Current Replacement Cost	Independent Registered Valuer	June 2021	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

**(ii) Cost**

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change was effective from 1 July 2019 and represented a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.





CITY OF COCKBURN  
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10. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads \$	Other infrastructure - drainage \$	Other infrastructure - footpaths \$	Other infrastructure - parks equipment \$	Other infrastructure - landfill \$	Other infrastructure - marina \$	Other infrastructure - coastal \$	Total Infrastructure \$
Balance at 1 July 2019	429,249,487	215,592,798	60,255,356	61,839,916	20,560,705	12,223,049	29,935,895	829,657,206
Additions	18,338,198	3,428,722	2,826,503	10,702,906	363,062	485,284	425,159	36,569,834
Revaluation increments / (decrements) transferred to revaluation surplus	19,728,398	25,401,669	(978,880)	(14,198,853)	0	0	0	29,952,334
Depreciation (expense)	(13,859,488)	(2,649,191)	(1,764,829)	(4,685,437)	(1,091,178)	(423,661)	(554,502)	(25,028,286)
Balance at 30 June 2020	453,456,595	241,773,998	60,338,150	53,658,532	19,832,589	12,284,672	29,806,552	871,151,088
<b>Comprises:</b>								
Gross balance at 30 June 2020	721,840,835	299,295,154	86,286,620	76,187,582	37,435,931	16,190,135	34,548,415	1,271,784,672
Accumulated depreciation at 30 June 2020	(268,384,240)	(57,521,156)	(25,948,470)	(22,529,050)	(17,603,342)	(3,905,463)	(4,741,863)	(400,633,584)
Balance at 30 June 2020	453,456,595	241,773,998	60,338,150	53,658,532	19,832,589	12,284,672	29,806,552	871,151,088
Additions	13,494,183	6,750,574	2,227,607	4,608,793	306,972	277,932	15,485	27,681,546
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	(2,558,164)	0	24,566,155	22,007,991
Revaluation (loss) / reversals transferred to profit or loss						(6,476,864)		(6,476,864)
Depreciation (expense)	(12,384,835)	(2,988,755)	(1,774,262)	(4,197,319)	(1,054,445)	(517,558)	(1,679,053)	(24,596,227)
Transfers	2,668,450	0	0	3,384,225	0	0	(5,333,231)	719,444
Balance at 30 June 2021	457,234,393	245,535,817	60,791,495	57,454,231	16,526,952	5,568,182	47,375,908	890,486,978
<b>Comprises:</b>								
Gross balance at 30 June 2021	738,739,252	306,045,728	88,514,227	85,796,375	48,680,902	8,827,367	53,103,903	1,329,707,754
Accumulated depreciation at 30 June 2021	(281,504,859)	(60,509,911)	(27,722,732)	(28,342,144)	(32,153,950)	(3,259,185)	(5,727,995)	(439,220,776)
Balance at 30 June 2021	457,234,393	245,535,817	60,791,495	57,454,231	16,526,952	5,568,182	47,375,908	890,486,978

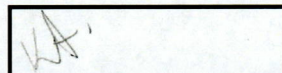


CITY OF COCKBURN  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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10. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - roads	3	Cost Approach Using Current Replacement Cost	Management Valuation	June 2020	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount
Other infrastructure - drainage	3	Cost Approach Using Current Replacement Cost	Management Valuation	June 2020	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount
Other infrastructure - footpaths	3	Cost Approach Using Current Replacement Cost	Management Valuation	June 2020	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount
Other infrastructure - parks equipment	3	Cost Approach Using Current Replacement Cost	Management Valuation	June 2020	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount
Other infrastructure - landfill	3	Cost Approach Using Current Replacement Cost	Independent Registered Valuer	June 2021	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount
Other infrastructure - marina	3	Cost Approach Using Current Replacement Cost	Independent Registered Valuer	June 2021	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount
Other infrastructure - coastal	3	Market Approach Cost Approach Using Current Replacement Cost	Independent Registered Valuer	June 2021	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount





**CITY OF COCKBURN  
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**11. 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 zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the City includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

**Revaluation**

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the City.

**AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY**

**Revaluation (Continued)**

At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

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

**Land under roads from 1 July 2019**

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

**Vested improvements from 1 July 2019**

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

Refer to Note 12 that details the significant accounting policies applying to leases (including right-of-use assets).



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FOR THE YEAR ENDED 30 JUNE 2021**

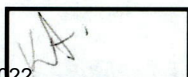
**11. FIXED ASSETS**

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Revised Budget Net Book Value	2021 Revised Budget Sale Proceeds	2021 Revised Budget Profit	2021 Revised Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Land - freehold land	383,662	483,147	99,485	0	4,800,000	5,300,000	500,000	0	158,000	1,376,364	1,218,364	0
Buildings - non-specialised	362,880	0	0	(362,880)					259,197	0	0	(259,197)
Plant and equipment	624,936	1,029,811	404,875	0	953,844	1,535,069	581,225	0	1,012,820	1,317,588	304,768	0
	<b>1,371,478</b>	<b>1,512,958</b>	<b>504,360</b>	<b>(362,880)</b>	<b>5,753,844</b>	<b>6,835,069</b>	<b>1,081,225</b>	<b>0</b>	<b>1,430,017</b>	<b>2,693,952</b>	<b>1,523,132</b>	<b>(259,197)</b>

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
<b>Plant and Equipment</b>				
Transport	310,630	584,532	273,902	0
Other property and services	314,306	445,279	130,973	0
	<b>624,936</b>	<b>1,029,811</b>	<b>404,875</b>	<b>0</b>
<b>Land</b>				
Other Property and Services	383,662	483,147	99,485	0
	<b>383,662</b>	<b>483,147</b>	<b>99,485</b>	<b>0</b>
<b>Buildings - non-specialised</b>				
Recreation and culture	362,880	0	0	(362,880)
	<b>362,880</b>	<b>0</b>	<b>0</b>	<b>(362,880)</b>
	<b>1,371,478</b>	<b>1,512,958</b>	<b>504,360</b>	<b>(362,880)</b>





**CITY OF COCKBURN**  
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**11. FIXED ASSETS**

**(b) Depreciation**

	2021	2021	2020
	Actual	Revised Budget	Actual
	\$	\$	\$
Buildings - non-specialised	6,440,036	6,630,780	6,453,057
Furniture and equipment	349,808	355,008	361,264
Plant and equipment	3,289,721	3,209,478	3,284,696
Computer equipment	1,579,491	1,591,308	1,483,406
Infrastructure - roads	12,384,835	12,189,504	13,859,488
Other infrastructure - drainage	2,988,755	2,728,560	2,649,191
Other infrastructure - footpaths	1,774,262	1,817,460	1,764,829
Other infrastructure - parks equipment	4,197,319	4,662,444	4,685,437
Other infrastructure - landfill	1,054,445	1,145,724	1,091,178
Other infrastructure - marina	517,558	538,044	423,661
Other infrastructure - coastal	1,679,053	537,816	554,502
Right-of-use assets - plant and equipment	379,943	235,008	526,835
Intangible assets - rehabilitation costs	1,933,465	0	3,635,252
	<b>38,568,690</b>	<b>35,641,134</b>	<b>40,772,796</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Depreciation**

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

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

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

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

**Depreciation rates**

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

**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.



CITY OF COCKBURN  
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## 12. LEASES

### (a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

	Right-of-use assets - plant and equipment	Right-of-use assets Total
	\$	
Balance at 1 July 2019	1,132,354	1,132,354
Additions	103,468	103,468
Depreciation (expense)	(526,835)	(526,835)
Balance at 30 June 2020	708,987	708,987
Remeasurement	(18,681)	(18,681)
Depreciation (expense)	(379,943)	(379,943)
Balance at 30 June 2021	310,363	310,363

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

	2021 Actual	2020 Actual
	\$	\$
Interest expense on lease liabilities	(7,321)	(14,522)
Lease principal payment	(413,420)	(469,799)
<b>Total amount recognised in the statement of comprehensive income</b>	<b>(420,741)</b>	<b>(484,321)</b>
Total cash outflow from leases	(420,741)	(484,321)

#### SIGNIFICANT ACCOUNTING POLICIES

##### Leases

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

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

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

Leases for right-of-use assets are secured over the asset being leased.

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

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

Refer to Note 11 for details on the significant accounting policies applying to vested improvements.

##### Right-of-use assets - depreciation

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



CITY OF COCKBURN  
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### 13. INTANGIBLE ASSETS

(a) Rehabilitation Assets

	2021 Actual	2020 Actual
<b>Non-current</b>	\$	\$
Rehabilitation asset	35,866,621	35,559,444
Less: accumulated depreciation	(16,856,222)	(14,922,757)
	19,010,399	20,636,687
Movements in carrying amounts of waste landfill assets during the financial year are shown as follows:		
<b>Carrying amount at 1 July</b>	20,636,687	25,370,319
Recognition of rehabilitation asset	307,177	(1,098,378)
Amortisation expense	(1,933,465)	(3,635,252)
<b>Carrying amount at 30 June</b>	19,010,399	20,636,687
<b>TOTAL INTANGIBLE ASSETS</b>	19,010,399	20,636,687

#### SIGNIFICANT ACCOUNTING POLICIES

##### Rehabilitation assets

The City complies with the full provision method for accounting provisions in respect of restoration, rehabilitation and site monitoring costs. Charges are made to expenses based on the estimated costs of restoring, rehabilitating and monitoring the landfill site. The rate charge is reviewed annually and is based on an estimated cost per tonne. The cost per tonne is arrived at after taking into account a standard engineering cost per cubic metre of landfill, the density of the waste and the most recent aerial surveys. Engineering rates differ according to the nature of the obligation to provide the service. The provision is recorded at the net present value of expected future costs discounted using the applicable government bond

rates.

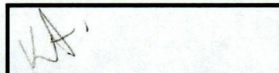
The liability for estimated future capping expenditure is provided for through a rehabilitation provision on a phase-by-phase basis and is discounted to its present value, with the inwinding of the discount being charged to the statement of comprehensive income within the amortisation charge. The discounted present value of the future capping expenditure is also capitalised as part of the rehabilitation asset and is amortised on a straight-line basis. Changes in estimates are recognised prospectively with corresponding adjustments to the provision and associated costs.



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14. REVALUATION SURPLUS

	2021 Opening Balance	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance	2020 Opening Balance	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	107,394,794	2,242,125	0	2,242,125	109,636,919	107,394,794	0	0	0	107,394,794
Revaluation surplus - Buildings - non-specialised	22,304,288	0	(1,995,558)	(1,995,558)	20,308,730	22,861,653	0	(557,365)	(557,365)	22,304,288
Revaluation surplus - Infrastructure - roads	242,583,514	0	0	0	242,583,514	222,855,116	19,728,398	0	19,728,398	242,583,514
Revaluation surplus - Other infrastructure - drainage	180,649,687	0	0	0	180,649,687	155,248,018	25,401,669	0	25,401,669	180,649,687
Revaluation surplus - Other infrastructure - footpaths	44,505,093	0	0	0	44,505,093	45,483,973	0	(978,880)	(978,880)	44,505,093
Revaluation surplus - Other infrastructure - parks equipment	8,253,626	0	0	0	8,253,626	22,452,479	0	(14,198,853)	(14,198,853)	8,253,626
Revaluation surplus - Other infrastructure - landfill	2,598,696	0	(2,558,164)	(2,558,164)	40,532	2,598,696	0	0	0	2,598,696
Revaluation surplus - Other infrastructure - coastal	0	24,566,155	0	24,566,155	24,566,155	0	0	0	0	0
	608,289,698	26,808,280	(4,553,722)	22,254,558	630,544,256	578,894,729	45,130,067	(15,735,098)	29,394,970	608,289,698





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

**15. TRADE AND OTHER PAYABLES**

**(a) Current**

Sundry creditors  
Prepaid rates  
ATO liabilities  
Bonds and deposits held  
Other prepaid income

**(b) Non-Current**

Non-Current Sundry Deposits & Bonds

	2021	2020
	\$	\$
	11,078,563	9,571,568
	2,071,781	1,994,546
	0	220,797
	3,709,844	3,133,085
	333,972	431,662
	<u>17,194,160</u>	<u>15,351,658</u>
	2,010,562	884,565
	<u>2,010,562</u>	<u>884,565</u>

**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.



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

**16. OTHER LIABILITIES**

**Current**

Contract liabilities

	2021	2020
	\$	\$
	6,552,672	713,380
	<u>6,552,672</u>	<u>713,380</u>
<b>Non-current</b>		
Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity	18,059,084	15,527,154
Public Open Space payments	5,419,364	0
	<u>23,478,448</u>	<u>15,527,154</u>
	<u>30,031,120</u>	<u>16,240,534</u>

Performance obligations for each type of liability are expected to be recognised as revenue in accordance with the following time bands:

- Less than 1 year
- 1 to 2 years
- 2 to 3 years
- 3 to 4 years
- 4 to 5 years
- > 5 years

	2021	2020
	\$	\$
	6,552,672	713,380
	5,531,120	147,525
	10,000,000	1,500,000
	1,500,000	4,000,000
	3,000,000	5,000,000
	<u>3,447,328</u>	<u>4,879,629</u>
	<u>30,031,120</u>	<u>16,240,534</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Contract liabilities**

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

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

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

**Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity**

Grant liabilities represent the the City's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

Grant liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

**Public Open Space (POS)**

All POS cash in lieu contributions received are placed in a reserve account for a specific purpose in accordance with section 154 of the Planning & Development Act 2005. The City recognises a non-current liability for all POS contributions not yet applied to the purpose they were received. The POS liabilities are recognised as revenue when the performance obligations in the contract are satisfied.



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

**17. LEASE LIABILITIES**

(a) Lease Liabilities	2021	2020
	\$	\$
Current	218,182	421,881
Non-current	115,739	344,141
	333,921	766,022

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	30 June 2021					30 June 2020						
					Actual Lease Principal 1 July 2020	Actual Remeasurement	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments	Actual Lease Principal 1 July 2019	Actual New Leases	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments		
<b>Governance</b>																
Cisco Network Switches	E6N0162330	Maia Financial PI	1.49%	45 Months	107,969	0	(38,751)	69,218	(1,345)	136,222	0	(28,253)	107,969	(1,819)		
Unified Communications System	E6N0160636	Maia Financial PI	1.45%	33 Months	74,605	0	(42,399)	32,206	(802)	105,698	0	(31,093)	74,605	(1,307)		
Rack Mount Servers (5)	E6N0159693	Maia Financial PI	1.40%	18 Months	9,993	0	(9,993)	0	(41)	24,800	0	(14,807)	9,993	(244)		
VDI Servers (6)	E6N0159752	Maia Financial PI	1.40%	18 Months	21,491	0	(21,491)	0	(88)	53,335	0	(31,844)	21,491	(524)		
SAN Equipment (2)	E6N0160532	Maia Financial PI	1.40%	18 Months	52,003	0	(52,003)	0	(213)	129,058	0	(77,055)	52,003	(1,268)		
Pure Storage Shelf x 2	E6N0162620	Maia Financial PI	1.40%	18 Months	38,827	0	(38,827)	0	(158)	0	103,468	(64,640)	38,828	(986)		
Wifi Equipment	E6N0159943	Maia Financial PI	1.40%	21 Months	13,479	0	(13,479)	0	(79)	37,391	0	(23,913)	13,478	(342)		
Firewall Equipment	E6N0159959	Maia Financial PI	1.40%	21 Months	4,137	0	(4,137)	0	(24)	11,116	0	(6,979)	4,137	(103)		
LAN Equipment	E6N0159960	Maia Financial PI	1.40%	21 Months	18,650	0	(18,650)	0	(109)	42,413	0	(23,763)	18,650	(427)		
LAN Equipment	E6N0160277	Maia Financial PI	1.40%	15 Months	7,047	0	(7,047)	0	(16)	27,991	0	(20,944)	7,047	(245)		
Multi Functional Devices (MFD's) - 4: Law, order, public safety	E6N0162022	Maia Financial PI	1.49%	48 Months	76,553	0	(25,139)	51,414	(969)	94,858	0	(18,305)	76,553	(1,277)		
Multi Functional Devices (MFD's) - 4: Education and welfare	E6N0162022	Maia Financial PI	1.49%	48 Months	2,823	0	(927)	1,896	(36)	3,499	0	(675)	2,824	(47)		
Multi Functional Devices (MFD's) - 1: Education and welfare	E6N0162166	Maia Financial PI	1.49%	48 Months	4,085	0	(1,342)	2,743	(52)	5,062	0	(977)	4,085	(68)		
Hyundai i30 Lease	6244197	Easifleet Manage	1.45%	31 Months	6,290	0	(3,956)	2,334	(65)	11,998	0	(5,708)	6,290	(134)		
Multi Functional Devices (MFD's) - 4: Community amenities	E6N0162022	Maia Financial PI	1.49%	48 Months	21,161	0	(6,949)	14,212	(268)	26,221	0	(5,060)	21,161	(353)		
Ford Ranger Vehicle Dual Cab Tray		Easifleet Manage	1.40%	21 Months	7,093	0	(7,093)	0	(41)	16,577	0	(9,485)	7,092	(170)		
Multi Functional Devices (MFD's) - 4: Recreation and culture	E6N0162022	Maia Financial PI	1.49%	48 Months	4,832	0	(1,587)	3,245	(61)	5,987	0	(1,155)	4,832	(81)		
Health Club Equipment - Pin Loaded	E6N0159778	Maia Financial PI	1.45%	33 Months	34,869	0	(19,817)	15,052	(374)	49,402	0	(14,532)	34,870	(611)		
Multi Functional Devices (MFD's) - 4: Other property and services	E6N0162022	Maia Financial PI	1.49%	48 Months	39,082	0	(12,834)	26,248	(495)	48,427	0	(9,345)	39,082	(652)		
ALC Baltic Laminator	E6N0162078	Maia Financial PI	1.43%	27 Months	4,306	(1,689)	(2,617)	0	9	6,834	0	(2,528)	4,306	(80)		
Shark Barrier		Eco Shark Barrie	1.47%	41 Months	211,181	(16,992)	(78,835)	115,354	(2,071)	281,698	0	(70,518)	211,180	(3,649)		
Signage Printer & Cutter	E6N0160864	Maia Financial PI	1.40%	18 Months	5,547	0	(5,547)	0	(23)	13,767	0	(8,220)	5,547	(135)		
					766,023	(18,681)	(413,420)	333,921	(7,321)	1,132,354	103,468	(469,799)	766,023	(14,522)		

WA



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

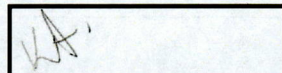
**18. INFORMATION ON BORROWINGS**

(a) Borrowings	2021	2020
	\$	\$
Current	4,020,824	3,228,983
Non-current	11,445,281	16,171,527
	<u>15,466,105</u>	<u>19,399,510</u>

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2021					30 June 2021					30 June 2020				
				Actual Principal	Actual Principal	Actual Principal	Actual Interest	Actual Principal	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Actual Principal	Actual Principal	Actual Principal	Actual Interest	Actual Principal	
				1 July 2020	repayments	adjustments	repayments	outstanding	1 July 2020	Principal repayments	Interest repayments	Principal outstanding	1 July 2019	adjustments	repayments	repayments	outstanding	
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
<b>Community amenities</b>																		
Portion of SMRC borrowings for RRRC waste recycling project repayable by the City		WATC	various	4,398,510	(1,469,288)	36,683	(162,821)	2,905,905	3,293,463	(1,400,000)	(170,000)	1,863,463	6,433,583	(630,030)	(1,405,043)	(222,859)	4,398,510	
<b>Recreation and culture</b>																		
To assist fund the Cockburn ARC recreation facility	8	WATC	2.96%	15,000,000	(2,500,000)	0	(526,017)	12,500,000	15,000,000	(2,500,000)	(526,000)	12,500,000	17,500,000	0	(2,500,000)	(617,805)	15,000,000	
				<u>19,398,510</u>	<u>(3,969,288)</u>	<u>36,683</u>	<u>(688,838)</u>	<u>15,466,105</u>	<u>18,293,463</u>	<u>(3,900,000)</u>	<u>(696,000)</u>	<u>14,393,463</u>	<u>23,933,583</u>	<u>(630,030)</u>	<u>(3,905,043)</u>	<u>(840,664)</u>	<u>19,398,510</u>	
				<u>19,398,510</u>	<u>(3,969,288)</u>	<u>36,683</u>	<u>(688,838)</u>	<u>15,466,105</u>	<u>18,293,463</u>	<u>(3,900,000)</u>	<u>(696,000)</u>	<u>14,393,463</u>	<u>23,933,583</u>	<u>(630,030)</u>	<u>(3,905,043)</u>	<u>(840,664)</u>	<u>19,398,510</u>	

\* WA Treasury Corporation





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

**18. INFORMATION ON BORROWINGS (Continued)**

(c) New Borrowings - 2020/21

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges \$	Actual Balance Unspent \$
					2021 Actual \$	2021 Budget \$	2021 Actual \$	2021 Budget \$		
To assist fund the stage 2 of Marina infrastructure expansion * WA Treasury Corporation	WATC	P & I	TBA	TBA	0	5,277,400	0	0	0	0
					0	5,277,400	0	0	0	0

	2021 \$	2020 \$
<b>(d) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Credit card limit	300,000	300,000
Credit card balance at balance date	(83,067)	(78,747)
<b>Total amount of credit unused</b>	<b>216,933</b>	<b>221,253</b>
<b>Loan facilities</b>		
Loan facilities - current	4,020,624	3,226,983
Loan facilities - non-current	11,445,281	16,171,527
<b>Total facilities in use at balance date</b>	<b>15,465,905</b>	<b>19,398,510</b>
<b>Unused loan facilities at balance date</b>	<b>NIL</b>	<b>NIL</b>

**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 31.



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

19. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
<b>Opening balance at 1 July 2020</b>			
Current provisions	4,809,588	3,144,114	7,953,702
Non-current provisions	0	2,093,180	2,093,180
	<u>4,809,588</u>	<u>5,237,294</u>	<u>10,046,882</u>
<b>Additional provision</b>	68,635,094	84,873,028	153,508,122
<b>Amounts used</b>	(68,366,109)	(84,207,230)	(152,573,339)
<b>Balance at 30 June 2021</b>	5,078,573	5,903,092	10,981,665
<b>Comprises</b>			
Current	5,078,573	4,421,100	9,499,673
Non-current	0	1,481,992	1,481,992
	<u>5,078,573</u>	<u>5,903,092</u>	<u>10,981,665</u>
	<b>2021</b>	<b>2020</b>	
	\$	\$	
Less than 12 months after the reporting date	9,499,673	7,953,702	
More than 12 months from reporting date	1,481,992	2,093,180	
	<u>10,981,665</u>	<u>10,046,882</u>	

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**

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

**Short-term employee benefits**

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

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**

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

**Other long-term employee benefits (Continued)**

rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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.



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

20. OTHER PROVISIONS

	Provision for remediation	
	costs	Total
	\$	\$
<b>Opening balance at 1 July 2020</b>		
Current provisions	800,000	800,000
Non-current provisions	31,583,854	31,583,854
	<u>32,383,854</u>	<u>32,383,854</u>
Provision utilised	(321,426)	(321,426)
<b>Balance at 30 June 2021</b>	<u>32,062,428</u>	<u>32,062,428</u>
<b>Comprises</b>		
Non-current	32,062,428	32,062,428
	<u>32,062,428</u>	<u>32,062,428</u>

**Provision for remediation costs**

Under the licence for the operation of the Henderson Waste Recovery Park, the City has a legal obligation to restore the site.

A provision for remediation is recognised when:

- there is a present obligation as a result of waste activities undertaken;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount of the provision can be measured reliably.

The estimated future obligations include the costs of restoring the affected areas and continued monitoring of the site.

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

Amounts which are expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on the remaining life of the waste facility.



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

## 21. 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:

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	4,606,858	8,249,860	5,133,910
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	15,619,714	9,719,749	23,261,647
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(5,172)	0	(2,305)
Adjusted share former associates loan liabilities	0	0	(630,030)
Depreciation on non-current assets	38,568,690	35,641,134	40,772,796
(Profit)/loss on sale of asset	(141,480)	117,744	(1,263,935)
Impairment of Investment in Associate	0	0	675,004
Population adjustment to long term borrowings	36,683	0	0
Loss on revaluation of fixed assets	6,476,864	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	907,559	0	(331,966)
(Increase)/decrease in other assets	(896,275)	0	(831,899)
(Increase)/decrease in inventories	(8,789)	0	2,228
Increase/(decrease) in payables	1,265,743	355,700	2,937,374
Increase/(decrease) in employee provisions	934,783	0	(2,346,431)
Increase/(decrease) in other provisions	(628,603)	0	0
Increase/(decrease) in other liabilities	5,839,290	0	(1,444,907)
Non-operating grants, subsidies and contributions	(21,254,356)	(9,339,600)	(25,604,896)
Net cash from operating activities	46,714,652	36,494,727	35,192,681



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

22. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

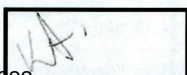
	2021	2020
	\$	\$
Governance	35,674,338	60,702,649
General purpose funding	206,405,663	59,904,395
Law, order, public safety	714,829	1,368,088
Health	978,316	735,495
Education and welfare	1,240,200	3,351,011
Community amenities	8,143,493	53,577,141
Recreation and culture	121,762,433	119,858,925
Transport	732,518,366	740,070,676
Economic services	264,100	2,030,994
Other property and services	358,160,355	373,380,713
	<u>1,465,862,093</u>	<u>1,414,980,087</u>



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

### 23. CONTINGENT LIABILITIES

Council resolved to acquire land from landowners abutting Jandakot Road to widen Jandakot Road. Eight of the landowners objected to the acquisition of the land and have progressed a claim for compensation against the City which totals and estimated \$22mil. The land is being compulsorily acquired and the road widening is currently being constructed. It is likely the claim will be resolved via a court case, but this has not progressed as yet. The City has made offers to the eight landowners equal to the amount of compensation in accordance with the City's Valuer advice. A total of \$1,528,429 has been made to the eight landowners subsequent to year end.





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

**24. CAPITAL AND LEASING COMMITMENTS**

**(a) Capital Expenditure Commitments**

Contracted for:

	2021	2020
	\$	\$
- capital expenditure projects	26,829,616	10,383,413
- Smart LED street lighting	10,730,919	0
- land acquisition - Cockburn Coast Oval	9,308,277	9,433,304
- plant & equipment purchases	1,055,256	1,124,349
	<u>47,924,068</u>	<u>20,941,066</u>

Payable:

- not later than one year	35,125,146	11,507,762
- later than one year but not later than five years	12,798,922	0
- later than five years	0	9,433,304
	<u>47,924,068</u>	<u>20,941,066</u>

**(b) Operating Lease Commitments**

Non-cancellable operating leases contracted for but not capitalised in the accounts (short term and low value leases).

Payable:

	2021	2020
	\$	\$
- not later than one year	0	35,968
- later than one year but not later than five years	0	0
- later than five years	0	0
	<u>0</u>	<u>35,968</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Leases**

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

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

**Leases (Continued)**

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

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



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

25. ELECTED MEMBERS REMUNERATION

	2021 Actual	2020 Actual
	\$	\$
<b>Mayor Logan Howlett</b>		
Mayor's annual allowance	89,753	89,753
Meeting attendance fees	47,516	50,156
Other expenses	144	418
Annual allowance for ICT expenses	3,500	3,500
Milage expenses		67
	140,913	143,894
<b>Deputy Mayor Cllr Lara Kirkwood</b>		
Deputy Mayor's annual allowance	22,438	17,311
Meeting attendance fees	31,678	31,678
Other expenses	143	
Annual allowance for ICT expenses	3,500	3,500
Milage expenses	1,107	1,371
	58,866	53,860
<b>Cllr Lee-Anne Smith</b>		
Deputy Mayor's annual allowance		5,127
Meeting attendance fees	31,678	31,308
Other expenses		542
Annual allowance for ICT expenses	3,500	3,500
	35,178	40,477
<b>Cllr Philip Eva</b>		
Meeting attendance fees	31,678	31,678
Other expenses		745
Annual allowance for ICT expenses	3,500	3,500
	35,178	35,923
<b>Cllr Chamonix Terblanche</b>		
Meeting attendance fees	31,678	31,678
Child care expenses	6,944	
Other expenses		536
Annual allowance for ICT expenses	3,500	3,500
Milage expenses	2,329	641
	44,451	36,355
<b>Cllr Kevin Allen</b>		
Meeting attendance fees	31,678	31,678
Annual allowance for ICT expenses	3,500	3,500
Milage expenses	489	34
	35,667	35,212
<b>Cllr Michael Separovich</b>		
Meeting attendance fees	31,678	31,678
Annual allowance for ICT expenses	3,500	3,500
	35,178	35,178
<b>Cllr Chontelle Sands</b>		
Meeting attendance fees	31,678	31,678
Annual allowance for ICT expenses	3,500	3,500
	35,178	35,178
<b>Cllr Phoebe Corke</b>		
Meeting attendance fees	31,678	22,160
Other expenses	25	
Annual allowance for ICT expenses	3,500	3,500



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

**25. ELECTED MEMBERS REMUNERATION**

	2021 Actual	2020 Actual
	\$	\$
Milage expenses	1,393	816
	36,596	26,476
<b>Clr Tom Widenbar</b>		
Meeting attendance fees	31,678	22,160
Child care expenses	5,621	64
Other expenses	224	63
Annual allowance for ICT expenses	3,500	3,500
Milage expenses	994	357
	42,017	26,144
<b>Clr Carol Reeve-Fowkes</b>		
Meeting attendance fees	0	6,929
Other expenses		545
Milage expenses	0	642
	0	8,116
<b>Clr Stephen Pratt</b>		
Meeting attendance fees	0	9,568
	0	9,568
	499,220	486,382
Fees, expenses and allowances to be paid or reimbursed to elected council members.		
Mayor's allowance	89,753	89,753
Deputy Mayor's allowance	22,438	22,438
Meeting attendance fees	332,618	332,349
Child care expenses	12,565	64
Other expenses	536	2,849
Annual allowance for ICT expenses	35,000	35,000
Travel and accommodation expenses	6,311	3,928
	499,220	486,382



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

**26. RELATED PARTY TRANSACTIONS**

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

	<b>2021</b>	<b>2020</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
The total of remuneration paid to KMP of the City during the year are as follows:		
Short-term employee benefits	1,502,817	1,632,358
Post-employment benefits	150,165	169,127
Other long-term benefits	668,550	496,982
Termination benefits	0	350,771
	<b>2,321,532</b>	<b>2,649,238</b>

*Short-term employee benefits*

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

*Post-employment benefits*

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

*Other long-term benefits*

These amounts represent long service benefits accruing during the year.

*Termination benefits*

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



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

**26. RELATED PARTY TRANSACTIONS (Continued)**

**Transactions with related parties**

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

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

The City ceased to be a related party with Southern Metropolitan Regional Council (SMRC) in prior year. The waste disposal payments made to SMRC was \$1,408,632 in financial year 2019-20.

**Related Parties**

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

*i. Key management personnel*

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



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

**27. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS**

	2021 \$	2020 \$
<b>(a) Balance of investment in associate</b>		
Net decrease in share of associate entity's net assets	0	(675,004)
- Share of associates total comprehensive income arising during the period	0	0
<b>Balance at 1 July</b>	0	675,004
- Share of associates total comprehensive income arising during the period	0	0
- Impairment of investment	0	(675,004)

**SIGNIFICANT ACCOUNTING POLICIES**

**Interests in joint arrangements**

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

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is 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.

**Interests in joint arrangements (Continued)**

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



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

## 28. INVESTMENT IN ASSOCIATES

The City was previously a member of the Southern Metropolitan Regional Council (SMRC), a regional local government established in 1991 pursuant to the Local Government Act with a membership of five local governments. Council determined to withdraw from the SMRC establishment agreement, which became effective after 30 June 2019 (i.e. 1 July 2019). At reporting date, the City had no equity interest in the assets of the SMRC.

### **City of Cockburn's withdrawal from the SMRC and all associated projects**

The City withdrew from the Regional Resource Recovery Centre (RRRC) Project Participants' Agreement, which became effective after 30 June 2017. At reporting date, the City had no equity interest in the assets of the RRRC. However, the City has recognised a liability for its share of the project's borrowings for which it has guaranteed (refer note 18b). The full repayment of all associated borrowings (expected June 2023) will trigger an equity share in the RRRC's remaining assets at that time (being those acquired through the borrowings). It is the City's position that any value remaining in those assets will be immaterial at that time and accordingly no asset has been recognised.

The City withdrew from the Office Accommodation Project Participant's Agreement, which became effective after 30 June 2019 (i.e. 1 July 2019). At reporting date, the City had no equity interest in the assets of the Office Accommodation Project and no liability for related borrowings.



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

29. RATING INFORMATION

(a) Rates

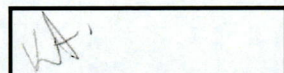
RATE TYPE	Rate in \$	Number of Properties	2020/21 Actual Rateable Value \$	2020/21 Actual Rate Revenue \$	2020/21 Actual Interim Rates \$	2020/21 Actual Back Rates \$	2020/21 Actual Total Revenue \$	2020/21 Budget Rate Revenue \$	2020/21 Budget Interim Rate \$	2020/21 Budget Back Rate \$	2020/21 Budget Total Revenue \$	2019/20 Actual Total Revenue \$
<b>Differential general rate / general rate</b>												
<b>Gross rental valuations</b>												
Improved Commercial/Industrial	0.08219	2,632	341,251,551	28,047,470	231,749	0	28,279,219	28,047,465	0	0	28,047,465	27,835,093
Improved Commercial - Caravan Park	0.11081	2	1,778,244	197,047	4,005	0	201,052	197,047	0	0	197,047	197,047
Improved Residential	0.08510	29,463	598,095,843	50,897,953	1,170,578	0	52,068,531	50,897,956	1,500,000	0	52,397,956	55,515,582
Vacant	0.09145	1,559	35,837,286	3,277,323	(17,956)	0	3,259,367	3,277,320	0	0	3,277,320	3,504,856
<b>Unimproved valuations</b>												
Rural Vacant Land	0.00413	49	62,254,000	257,109	(3,469)	0	253,640	257,109	0	0	257,109	282,622
Rural General	0.00268	70	49,825,000	133,531	1,094	0	134,625	133,531	0	0	133,531	134,002
<b>Split Valuations</b>												
Improved Commercial / Industrial		20	0	104,078	3,789	0	107,867	104,078	0	0	104,078	0
Rural General		0	0	16,203	1,515	0	17,718	16,203	0	0	16,203	0
<b>Sub-Total</b>		33,795	1,089,041,924	82,930,714	1,391,305	0	84,322,019	82,930,709	1,500,000	0	84,430,709	87,469,202
<b>Minimum payment</b>												
<b>Gross rental valuations</b>												
Improved Commercial/Industrial	786	204	1,548,591	160,344	0	0	160,344	160,344	0	0	160,344	162,702
Improved Residential	1,353	15,441	212,034,594	20,891,673	0	0	20,891,673	20,891,673	0	0	20,891,673	17,157,393
Vacant	727	1,529	9,513,453	1,111,583	0	0	1,111,583	1,111,583	0	0	1,111,583	1,004,905
<b>Unimproved valuations</b>												
Rural Vacant Land	958	1	13,000	958	0	0	958	958	0	0	958	2,874
Rural General	958	7	618,350	6,706	0	0	6,706	6,706	0	0	6,706	7,664
<b>Sub-Total</b>		17,182	223,727,988	22,171,264	0	0	22,171,264	22,171,264	0	0	22,171,264	18,335,538
<b>Sub-Total</b>		50,977	1,312,769,912	105,101,978	1,391,305	0	106,493,283	105,101,973	1,500,000	0	106,601,973	105,804,740
Discounts/concessions (Note 29(c))							(2,521,959)				(2,514,470)	(1,996,588)
Ex-gratia rates							3,779,648				3,683,156	3,885,848
Prepaid rates							0				0	(2,057,533)
<b>Total amount raised from general rate</b>							107,750,971				107,770,659	105,636,468
Specified Area Rate (Note 29(b))							554,196				550,600	586,971
<b>Totals</b>							108,305,167				108,321,259	106,223,439

**SIGNIFICANT ACCOUNTING POLICIES**

Rates

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

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





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

**29. RATING INFORMATION (Continued)**

**(b) Specified Area Rate**

Specified Area Rate	Basis of Valuation	Rate in \$	2020/21 Rateable Value	2020/21 Rate Revenue	2020/21 Interim Rate Revenue	2020/21 Back Rate Revenue	2020/21 Total Specified Area Rate Revenue	2020/21 Budget Rate Revenue	2020/21 Budget Back Rate Revenue	2020/21 Budget Interim Rate Revenue	2020/21 Total Budget Revenue	2019/20 Total Actual Revenue
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Port Coogee Special Maintenance	GRV	0.01268	27,550,620	349,287	12,023	0	361,310	400,000	0	0	400,000	441,348
Port Coogee Waterways	GRV	0.01268	7,249,147	91,905	1,324	0	93,229	55,600	0	0	55,600	56,830
Cockburn Coast Maintenance	GRV	0.01268	2,198,310	27,870	7,753	0	35,623	30,000	0	0	30,000	24,758
Specified Area Rates - Bibra Lake Sewer Stage 1	GRV	0.02020	3,169,408	64,035	0	0	64,034	65,000	0	0	65,000	64,035
			40,167,485	533,097	21,100	0	554,196	550,600	0	0	550,600	586,971

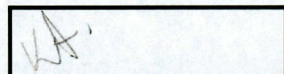
Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	2020/21 Actual Rate Applied to Costs	2020/21 Actual Rate Set Aside to Reserve	2020/21 Actual Reserve Applied to Costs	2020/21 Budget Rate Applied to Costs	2020/21 Budget Rate Set Aside to Reserve	2020/21 Budget Reserve Applied to Costs
			\$	\$	\$	\$	\$	\$
Port Coogee Special Maintenance	Specialised maintenance of the Port Coogee Development scheme	Coogee locality which are connected to the scheme.	213,614	147,696	0	195,315	204,685	197,680
Port Coogee Waterways	Specialised maintenance of the Port Coogee waterways and associated infrastructure assets	Properties in the Port Coogee locality which are connected with the waterways.	50,000	43,229	0	50,000	5,600	0
Cockburn Coast Maintenance	Specialised maintenance of parks and public areas (including custom street lighting) as per the standard agreed to between the City and the Developer.	Properties in the Cockburn Coast Development area.	10,318	25,305	0	11,330	18,670	8,887
Specified Area Rates - Bibra Lake Sewer Stage 1	Construction of the Bibra Lake Sewer Stage 1 sewerage works as Gazetted under the Health (Miscellaneous Provisions) Act 1911.	Properties within the Bibra Lake southern industrial area from Newton Street Wastewater Pumping Station, Spearwood to the City of Cockburn Operations Centre.	64,034	0	0	65,000	0	64,035
			337,966	216,230	0	321,645	228,955	270,602



**CITY OF COCKBURN**  
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**FOR THE YEAR ENDED 30 JUNE 2021**  
 Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$
Residential Improved	Concession	scaled	N/A	1,706,005	1,698,515	1,996,588
Improved Commercial / Industrial	Concession			709,267	709,267	0
Vacant	Concession			106,688	106,688	0
				<b>2,521,959</b>	<b>2,514,470</b>	<b>1,996,588</b>
Total discounts/concessions (Note 29(a))				<b>2,521,959</b>	<b>2,514,470</b>	<b>1,996,588</b>

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Residential Improved	High GRV residential property concession	To ensure year on year rates increases for all GRV residential improved properties do not exceed council's adopted annual increase	This concession is necessary as fixed waste and security charges were previously incorporated into general rates adversely impacting high GRV properties.
Residential Improved	COVID Concession - for ratepayers that would have paid more because of the GRV revaluation.	To ensure year on year rates increases for all GRV residential improved properties do not exceed council's adopted annual increase	The concession for eligible properties effectively reduces the rates payable to the same level as 2019-20. The concession does not apply to properties that will pay the same or lower rates as a result of the GRV revaluation.
Improved Commercial / Industrial	COVID Concession - for ratepayers that would have paid more because of the GRV revaluation.	To ensure year on year rates increases for all GRV residential improved properties do not exceed council's adopted annual increase	The concession for eligible properties effectively reduces the rates payable to the same level as 2019-20. The concession does not apply to properties that will pay the same or lower rates as a result of the GRV revaluation.
Vacant	COVID Concession - for ratepayers that would have paid more because of the GRV revaluation.	To ensure year on year rates increases for all GRV residential improved properties do not exceed council's adopted annual increase	The concession for eligible properties effectively reduces the rates payable to the same level as 2019-20. The concession does not apply to properties that will pay the same or lower rates as a result of the GRV revaluation.





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

29. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	18/09/2020	0.00	0.00%	0.00%
<b>Option Two</b>				
First instalment	18/09/2020	0.00	0.00%	0.00%
Second instalment	20/11/2020	0.00	0.00%	0.00%
Third instalment	29/01/2021	0.00	0.00%	0.00%
Fourth instalment	9/04/2021	0.00	0.00%	0.00%

	2021 Actual \$	2021 Revised Budget \$	2020 Actual \$
Interest on unpaid rates	(550)	0	212,276
Interest on unpaid ESL Levy	(57)	0	37,100
Interest on instalment plan	0	0	511,077
Charges on instalment plan	35	0	218,818
	(572)	0	979,271



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

30. RATE SETTING STATEMENT INFORMATION

Note	2020/21	2020/21	2019/20		
	(30 June 2021 Carried Forward) \$	Budget (30 June 2021 Carried Forward) \$	(30 June 2020 Carried Forward) \$		
<b>(a) Non-cash amounts excluded from operating activities</b>					
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .					
<b>Adjustments to operating activities</b>					
	Less: Profit on asset disposals	11(a)	(504,360)	0	(1,523,132)
	Less: Movement in liabilities associated with restricted cash		2,531,930	840,939	(2,158,287)
	Less: Fair value adjustments to financial assets at fair value through profit and loss		(5,172)	0	(2,305)
	Less: Share of net profit of associates and joint ventures accounted for using the equity method		36,683	0	44,974
	Movement in pensioner deferred rates and accrued debtors (non-current)		37,693	0	(343,616)
	Movement in employee benefit provisions (non-current)		(611,188)	0	161,461
	Movement in other provisions (non-current)		478,574	0	(60,349)
	Movement in right-of-use-asset		0	0	0
	Public open space payment		5,419,364	0	0
	Add: Lease liabilities (non-current)				
	Add: Loss on disposal of assets	11(a)	362,880	117,744	259,197
	Add: Loss on revaluation of fixed assets	10(a)	6,476,864	0	0
	Add: Depreciation on non-current assets	11(b)	38,568,690	35,641,134	40,772,796
	<b>Non cash amounts excluded from operating activities</b>		<b>52,791,958</b>	<b>36,599,817</b>	<b>37,150,739</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>					
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.					
<b>Adjustments to net current assets</b>					
	Less: Reserves - cash/financial asset backed	4	(171,410,638)	(137,521,039)	(149,783,094)
	Less: Current assets not expected to be received at end of year				
	- Bonds and deposits	15(b)	(2,010,562)	0	(884,565)
	Add: Current liabilities not expected to be cleared at end of year				
	- Current portion of borrowings	18(a)	4,020,624	2,500,000	3,226,983
	- Financial assets - restricted - non current	5(b)	941,521	1,000,000	951,228
	- Current portion of lease liabilities	17(a)	218,182	0	421,881
	<b>Total adjustments to net current assets</b>		<b>(168,240,873)</b>	<b>(134,021,039)</b>	<b>(146,067,567)</b>
<b>Net current assets used in the Rate Setting Statement</b>					
	Total current assets		214,314,367	156,928,487	186,706,221
	Less: Total current liabilities		(37,485,311)	(20,382,897)	(28,467,604)
	Less: Total adjustments to net current assets		(168,240,873)	(134,021,039)	(146,067,567)
	<b>Net current assets used in the Rate Setting Statement</b>		<b>8,588,183</b>	<b>2,524,551</b>	<b>12,171,050</b>



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

**31. 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.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
<b>Market risk - interest rate</b>	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial assets and	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
<b>Liquidity risk</b>	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.

**(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. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

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

	<b>Weighted Average Interest Rate</b>	<b>Carrying Amounts</b>	<b>Fixed Interest Rate</b>	<b>Variable Interest Rate</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2021</b>				
Cash and cash equivalents	0.10%	4,606,858	0	4,606,858
Financial assets at amortised cost	0.59%	198,589,135	197,500,000	1,089,135
<b>2020</b>				
Cash and cash equivalents	0.10%	5,133,910	0	5,133,910
Financial assets at amortised cost	1.52%	171,926,228	169,400,000	2,526,228

**Sensitivity**

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

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% movement in interest rates on profit and loss and equity*	46,069	51,339

\* Holding all other variables constant

**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 term 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 may be found at Note 18(b).



CITY OF COCKBURN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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31. FINANCIAL RISK MANAGEMENT (Continued)

(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 – the risk that the debts may not be repaid. The City manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the City to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. Whilst the City was historically able to charge interest on overdue rates and annual charges at higher than market rates, which further encourage payment.

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 are 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 2020 or 1 July 2021 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.

The loss allowance as at 30 June 2021 for rates receivable was determined as follows:

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2021</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0%
Gross carrying amount	2,153,253	0	0	0	2,153,253
Loss allowance	0	0	0	0	0
<b>30 June 2020</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	2,942,696	0	0	0	2,942,696
Loss allowance	0	0	0	0	0

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2021</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0%
Gross carrying amount	3,074,618	354,453	23,948	1,085,714	4,538,733
Loss allowance	0	0	0	0	0
<b>30 June 2020</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	2,205,304	43,115	147,650	945,975	3,342,043
Loss allowance	0	0	0	0	0



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31. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

**Payables and borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 18(d).

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

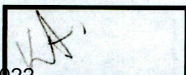
	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2021</b>					
Payables	17,194,160	2,010,562	0	19,204,722	19,204,722
Borrowings	5,192,874	13,298,281	0	18,491,155	15,465,905
Other liabilities	6,552,672	21,085,084	5,419,364	33,057,120	30,031,120
Lease liabilities	218,182	115,739	0	333,921	333,921
	<u>29,157,888</u>	<u>36,509,666</u>	<u>5,419,364</u>	<u>71,086,918</u>	<u>65,035,668</u>
<b>2020</b>					
Payables	15,351,658	0	0	15,351,658	15,351,658
Borrowings	3,226,983	16,171,527	0	19,398,510	19,398,510
Contract liabilities	713,380	15,527,154	0	16,240,534	16,240,534
Lease Liabilities	421,881	344,141	0	766,022	766,022
	<u>19,713,903</u>	<u>32,042,822</u>	<u>0</u>	<u>51,756,724</u>	<u>51,756,724</u>



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**32. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

There are no subsequent events after the reporting period.





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**33. TRUST FUNDS**

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2020	Amounts Received	Amounts Transferred Out	30 June 2021
	\$	\$	\$	\$
Public Open Space Contributions	6,374,601	0	(6,374,601)	0
	6,374,601	0	(6,374,601)	0



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**34. 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.

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

**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. Inventories held for trading are classified as current or non-current based on the City's intentions to release for sale.

**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.

**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.

**Valuation techniques**

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

**Market approach**

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

**Income approach**

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

**Cost approach**

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

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

**i) 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 end of the reporting period.



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**35. ACTIVITIES/PROGRAMS**

City operations as disclosed in these financial statements encompass the following service orientated activities/programs.

<b>PROGRAM NAME AND OBJECTIVES</b>	<b>ACTIVITIES</b>
<b>GOVERNANCE</b>	
	The administration and operation of facilities and services to the elected members of Council. Also includes other corporate type costs that are not related to the specific service areas covered under the other programs.
<b>GENERAL PURPOSE FUNDING</b>	
	The collection of general-purpose revenue including rates and penalties, general-purpose grants and interest on investments. This provides the funding for much of the City's programs/activities.
<b>LAW, ORDER, PUBLIC SAFETY</b>	
	Provision of community safety services including supervision of various by-laws, animal and dog control, a security patrol service, fire prevention and voluntary emergency services.
<b>HEALTH</b>	
	The provision of environmental health services including food quality and pest control.
<b>EDUCATION AND WELFARE</b>	
	The provision of support services to families and children, the aged and disabled and senior citizens. The provision of pre- schools and services and facilities for the youth.
<b>COMMUNITY AMENITIES</b>	
	Refuse collection, recycling and disposal, the operation of the Henderson Landfill site, protection of the environment, administration of the town planning scheme and maintenance of bus shelters.
<b>RECREATION AND CULTURE</b>	
	The provision and operation of community halls and recreation centres, parks and ovals, beach reserves and swimming areas and library facilities. The development and provision of arts and cultural events.
<b>TRANSPORT</b>	
	This program includes road, drainage and footpath construction and maintenance. The provision and maintenance of streetscapes is also included, as is the purchase of heavy plant and the operations of the council works depot.
<b>ECONOMIC SERVICES</b>	
	Activities associated with the control of building activity within the city and the provision of facilities and services that encourage tourism.
<b>OTHER PROPERTY AND SERVICES</b>	
	Includes private works and engineering overheads and plant operating costs (both of which are allocated to the City's works program).



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36. FINANCIAL RATIOS

	2021	2020	2019
	Actual	Actual	Restated Actual
Current ratio	1.13	1.13	0.97
Asset consumption ratio	0.69	0.71	0.71
Asset renewal funding ratio	1.02	0.75	0.75
Asset sustainability ratio	0.53	0.71	0.46
Debt service cover ratio	6.68	8.25	8.72
Operating surplus ratio	0.01	(0.02)	0.01
Own source revenue coverage ratio	0.91	0.89	0.94

The above ratios are 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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$



**21. Matters to be Noted for Investigation, Without Debate**

Nil

**22. Confidential Business**

Nil

**23. Closure of Meeting**

The Presiding Member thanked those present for their attendance and closed the meeting at 6.40pm.

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