



City of Cockburn  
Special Council Meeting  
**Agenda Paper**

For Thursday, 19 December 2019



City of Cockburn  
PO Box 1215, Bibra Lake  
Western Australia 6965

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Coleville Crescent, Spearwood

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### **NOTICE OF MEETING**

Pursuant to Clause 2.5 of Council's Standing Orders, a Special Meeting of Council has been called for Thursday 19 December 2019. The meeting is to be conducted at 7.00pm in the City of Cockburn Council Chambers, Administration Building, Coleville Crescent, Spearwood.

The purpose of this meeting is to

- consider the Statement of Financial Activity and Associated Reports - November 2019; and
- consider the Minutes of the Special Audit and Strategic Finance Committee Meeting - 11 December 2019.

The Agenda will be made available on the City's website prior to the Meeting.

A handwritten signature in black ink, appearing to read 'Stuart Downing', is written over a faint, stylized line graphic that resembles a wave or a signature flourish.

Stuart Downing  
**ACTING CHIEF EXECUTIVE OFFICER**

# CITY OF COCKBURN

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## **CITY OF COCKBURN**

### **AGENDA TO BE PRESENTED TO THE SPECIAL COUNCIL MEETING TO BE HELD ON THURSDAY, 19 DECEMBER 2019 AT 7.00 PM**

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- 1. DECLARATION OF MEETING**
- 2. APPOINTMENT OF PRESIDING MEMBER (IF REQUIRED)**
- 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)**

- 5. APOLOGIES & LEAVE OF ABSENCE**

Cr K Allen	-	Apology
Mr S Cain, Chief Executive Officer	-	Leave of Absence

- 6. PUBLIC QUESTION TIME**

- 7. DEPUTATIONS**

- 8. DECLARATION BY MEMBERS WHO HAVE NOT GIVEN DUE  
CONSIDERATION TO MATTERS CONTAINED IN THE  
BUSINESS PAPER PRESENTED BEFORE THE MEETING**



## **9. PURPOSE OF MEETING**

The purpose of the meeting is to:

- consider the Statement of Financial Activity and Associated Reports - November 2019; and
- consider the Minutes of the Special Audit and Strategic Finance Committee Meeting - 11 December 2019.

## 10. COUNCIL MATTERS

### 10.1 MINUTES OF THE SPECIAL AUDIT AND STRATEGIC FINANCE COMMITTEE MEETING - 11 DECEMBER 2019

<b>Author(s)</b>	N Mauricio
<b>Attachments</b>	1. Minutes of the Special Audit and Strategic Finance Committee Meeting - 11 December 2019 <a href="#">↓</a>

#### RECOMMENDATION

That Council receive the Minutes of the Special Audit and Strategic Finance Committee Meeting held on the 11 December 2019, as attached to the Agenda, and adopt the recommendations contained therein.

#### Background

A Special Audit and Strategic Finance Committee Meeting was held on 11 December 2019. The Minutes of the Meeting contain recommendations which are required to be considered by Council for adoption.

As the Special Audit and Strategic Finance Committee was held the night before the Ordinary Council Meeting of 12 December 2019, there was insufficient time for Elected Members to be fully informed to be able to make a good governance decision, and therefore these Minutes are now being presented to a Special Council Meeting.

#### Submission

N/A

#### Report

At the Special Audit and Strategic Finance Committee Meeting held on 11 December 2019, the following report was presented:

1. 2019 Annual Financial Report and External Audit Report.

The purpose for calling the special meeting was to facilitate Council accepting the Annual Financial Report for the year ended 30 June 2019 and allowing for it to be included in the annual report being adopted by Council at this meeting. S 5.54 of the Local Government Act 1995 requires the City's annual report (containing the annual financial and auditor's reports) to be accepted by 31 December after each financial year.

The financial audit had not been concluded in time for presentation to the November meeting of the Audit and Strategic Finance Committee. Representatives from the Office of the Auditor General (OAG) and the contracted auditor (KPMG) attended the special meeting to brief committee members on the audit and answer any questions. The City thanks the OAG and KPMG for their services during the audit.

**Strategic Plans/Policy Implications**Leading and Listening

Deliver sustainable governance through transparent and robust policy and processes.

**Budget/Financial Implications**

N/A

**Legal Implications**

Regulation 16 of the *Local Government (Audit) Regulations 1995* refers.

**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  
Special Audit and Strategic Finance  
Committee  
**Minutes**

For Wednesday, 11 December 2019

These Minutes are subject to confirmation

Presiding Member's signature

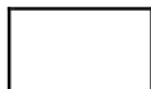
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Date: 19 March 2020

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**CITY OF COCKBURN****SUMMARY OF MINUTES OF THE SPECIAL AUDIT AND STRATEGIC  
FINANCE COMMITTEE MEETING HELD ON  
WEDNESDAY, 11 DECEMBER 2019**

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Item 10.1

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**CITY OF COCKBURN**  
**MINUTES OF SPECIAL AUDIT AND STRATEGIC**  
**FINANCE COMMITTEE MEETING HELD ON**  
**WEDNESDAY, 11 DECEMBER 2019**

**PRESENT:****ELECTED MEMBERS**

Mr K Allen	- Councillor (Presiding Member)
Mr L Howlett	- Mayor (Arr 6.06pm)
Dr C Terblanche	- Councillor
Ms S Smith	- External Committee Member

**IN ATTENDANCE**

Mr S Downing	- Acting Chief Executive Officer
Mr N Mauricio	- Acting Director Finance and Corporate Services
Ms S Ng	- Accounting Services Manager
Mrs S D'Agnone	- Council Minute Officer
Mrs V Frankson	- Executive Assistant to Directors – Finance and Corporate Services/Governance and Community Services
Mr S Hoar	- Director, Financial Audit, Office of the Auditor General for Western Australia
Mr P Arulsingham	- Senior Director, Financial Audit, Office of the Auditor General for Western Australia
Mr M Beevers	- Partner, KPMG Australia

**1. DECLARATION OF MEETING**

The Presiding Member declared the meeting open at 6.03pm.

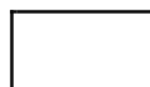
“Kaya, Wanju Wadjuk Budjar” which means “Hello, Welcome to Wadjuk Land”

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.

The Presiding Member welcomed Mr Steven Hoar and Mr Patrick Arulsingham from the Office of the Auditor General, and Mr Matthew Beevers from KPMG.

**2. APPOINTMENT OF PRESIDING MEMBER (IF REQUIRED)**

Nil



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**3. DISCLAIMER (TO BE READ ALOUD BY PRESIDING MEMBER)**

As there were no members of the public in the gallery, the Presiding Member did not read aloud the disclaimer.

**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 T Widenbar	- Apology
Mr S Cain, Chief Executive Officer	- Leave of Absence
Mr D Arndt, Director Planning & Development	- Apology
Mr D Green, Director Governance & Community Services	- Apology
Mr C Sullivan, Director Engineering & Works	- Apology
Ms G Bowman, Executive Manager, Strategy & Civic Support	- Apology

**6. PUBLIC QUESTION TIME**

Nil

**7. DEPUTATIONS**

Nil

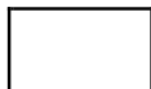
**8. DECLARATION BY MEMBERS WHO HAVE NOT GIVEN DUE CONSIDERATION TO MATTERS CONTAINED IN THE BUSINESS PAPER PRESENTED BEFORE THE MEETING**

Nil

**9. PURPOSE OF MEETING**

The purpose of the meeting is to adopt the Annual Financial Report for the year ended 30 June 2019, as attached to the agenda.

MAYOR HOWLETT JOINED THE MEETING AT 6.06PM



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**10. FINANCE AND CORPORATE SERVICES DIVISION ISSUES****10.1 (2019/MINUTE NO 0021) 2019 ANNUAL FINANCIAL REPORT AND EXTERNAL AUDIT REPORT**

<b>Author(s)</b>	N Mauricio
<b>Attachments</b>	<ol style="list-style-type: none"> <li>1. Annual Financial Report 2018-2019 <a href="#">↓</a></li> <li>2. City of Cockburn Audit Plan for the Year Ending 30 June 2019 <a href="#">↓</a></li> <li>3. KPMG Audit Report - Year Ending 30 June 2019 <a href="#">↓</a></li> <li>4. Draft Audit Opinion - Office of the Auditor General <a href="#">↓</a></li> </ol>

**RECOMMENDATION**

That Council:

- (1) adopt the Annual Financial Report for the year ended 30 June 2019;
- (2) receive the External Audit Plan used for the year ending 30 June 2019;
- (3) receive the Audit Report for the year ended 30 June 2019; and
- (4) receive the draft Audit Opinion as issued by the Office of the Auditor General

as attached to the Agenda.

**COMMITTEE RECOMMENDATION**

MOVED Cr C Terblanche SECONDED External Member S Smith

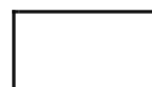
That the recommendation be adopted.

**CARRIED 4/0****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



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- 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 the associated Audit Report and recommend its adoption to Council. The auditor will attend 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). During their first year of oversight, the OAG contracted out the City's 2017-2018 Financial Audit to its previous auditor (Macri Partners). Subsequently, the OAG has tendered out the audits for the City and several other Local Governments, with KPMG having been awarded the City's audit contract for the next three financial years (including the 2018-2019 audit).

The attached External Audit Plan for 2019 outlines the purpose and scope of the External Audit and explains the audit methodology and approach taken in completing the 2018-2019 audit. The Audit Plan was prepared by KPMG and approved by the OAG.

### Submission

N/A

### Report

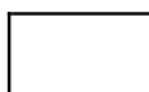
#### 2019 Annual Financial Report

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

##### 1. Operating Result (before Non-Operating Activities)

The City's operating result for 2019 came in at \$1.09 million, well down on the restated \$6.61 million from the previous year and the budgeted \$3.6 million due to a one off non-cash expenditure



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item (amortisation on landfill rehabilitation asset). This is still a sound financial result, as it demonstrates the City continues to generate enough operating revenue to cover all its operating costs, inclusive of depreciation and amortisation on assets.

Operating revenue of \$154.98 million was up \$6.84 million (4.6%) on last year. The main contributors were revenue from rates up \$4.05 million (4.1%) to \$103.6 million, fees and charges up \$1.82 million (6.3%) to \$30.5 million and interest earnings up \$0.6 million (13.7%) to \$5.76 million. Operating grants were little changed on last year at \$12.79 million.

Operating expenditure for the year of \$153.89 million was up by \$12.36 million (8.7%). Employee costs, the City's biggest operational expense item, were up \$2.22 million (4.1%) to \$56.78 million.

Spending on materials and contracts was up \$1.44 million (3.7%) to \$40.2 million, with Parks and Environmental Services (\$8.9m), Waste Services (\$8.0m), Recreation and Community Safety (\$6.1m), Infrastructure Services (\$5.8m) and Community Development Services (\$3.4m) the biggest spend areas. Parks and Environmental contract costs were up \$1.8 million year on year, whilst childcare provider costs were down \$1.0 million and waste disposal costs down \$0.7 million from last year.

Insurance expenses came in \$0.42m (32.0%) higher than last year at \$1.74 million. But this was due to lower rebates received in the current year from the LGIS self-insurance schemes.

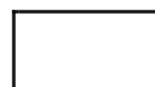
Interest expenses of \$1.07 million were little changed against the restated amount from the previous year. This line item now includes interest costs for the SMRC loans guaranteed by the City.

Depreciation expense (non-cash) increased by 6.2% to \$32.1 million (+\$1.8m). This reflected increased depreciation on parks infrastructure (+ \$0.7m) to \$4.5 million, roads/drainage/footpaths (+\$0.5m) to \$15.5 million and buildings (+\$0.3m) to \$6.3 million.

## 2. Net Result

Including non-operating activities, the City's net result (before asset revaluations) was up \$7.2 million (29.5%) on the previous year's restated amount to \$31.6 million, despite the large fall in the operating result. The major reason for this was the large write down last year of \$14.1 million in the City's investment in the SMRC. Developer subdivision infrastructure assets gifted to the City were down \$2.7 million year on year to \$9.4 million.

Net profit from the sale of assets was up \$1.5 million on last year, primarily due to profit of \$2.5 million on realised land sales of \$7.6 million. Capital grants and contributions of \$12.7 million were also up on last year by \$1.2 million (+10.8%).



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Developer contribution schemes revenue of \$8.5 million was down slightly on last year's result by \$0.25 million.

#### Statement of Financial Position

The City's net assets and total equity increased year on year by \$52.9 million to \$1,250.7 million. This reflected an increase in total assets of \$62.3 million, comprising current assets (+\$29.1m) and non-current assets (+\$33.2m). There was also an increase in total liabilities of \$9.4 million, comprising current liabilities (+\$8.6m) and non-current liabilities (+\$0.8m).

#### 1. Assets

The year on year increase of \$29.1 million in current assets to \$176.3 million included an extra \$19.5 million in term deposits and \$6.8 million in cash and cash equivalents, reflecting the greater amount held in financial reserves.

The increase in non-current assets of \$33.3 million to \$1,159 million was predominantly due to an increase of \$33.7 million in infrastructure assets. This included gifted subdivision assets of \$8.4 million, annual revaluation increments of \$21.3 million and a capitalised spend of \$26.1 million. This was reduced by depreciation of \$22.1 million booked for the year.

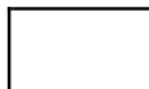
Property, Plant and Equipment (PPE) assets of \$335.8 million included \$16.6 million of capitalised spend (\$10.2m for buildings), less \$6.8 million in disposals (mainly land assets) and \$11.1 million of booked depreciation for the year.

#### 2. Liabilities

Current liabilities increased year on year by \$8.6 million to \$29.8 million. Trade and other payables increased by \$2.3 million, largely due to the recognition of bonds and deposits (\$3.5m) previously held in Trust (OAG determination). Provisions increased the most (+\$5.6m) to \$12.3 million, due to a current provision of \$5.2 million for the capping of Cell 6 at the Henderson landfill. Current leave provisions had a modest gain of \$0.4 million to \$7.1 million (5.9%), which includes wages and staff growth. This demonstrates adequate management control over outstanding leave entitlements.

Non-current liabilities increased overall by \$0.8 million from last year. Loan borrowings were down by \$4.6 million to \$19.2 million (reflecting repayments) and provisions were up by \$3.0 million to \$33.6 million due to an increase in the landfill site rehabilitation provision.

#### Changes in Equity



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Cash backed reserves held by the City increased by a net \$23.5 million to \$142.6 million during the reporting year. A total of \$54.4 million was transferred into reserves during the year with \$2.5 million coming from investment earnings. Drawdowns from reserves were \$30.9 million.

The Asset Revaluation Surplus increased by \$21.3 million to \$544.6 million as a result of the annual management valuation of roads, drainage and footpath assets, with roads increasing by \$2.0 million, drainage by \$2.1 million and footpaths by \$17.2 million. The large increase in footpaths was a combination of an 18% increase in the unit rate for concrete footpaths, a 10% increase in our total footpaths resulting from an audit and a 6% improvement in the written down value of footpaths due to better and more accurate condition assessments.

The City's accumulated surplus increased by \$8.1 million to \$563.5 million. This increase represented the \$31.6 million net surplus result, less \$23.5 million in net transfers to financial reserves. The opening balance at 1 July 2018 was adjusted downwards by \$9.3 million due to restatements made to the 2017-2018 financial year during the audit.

#### Statement of Cash Flows

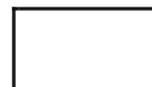
The City's net cash inflows from operating activities decreased \$3.7 million to \$38.4 million for the reporting year. This result still indicates strong operating cash flows, allowing the City to continue funding new assets and asset renewals as planned.

Net cash outflows for investing activities were down \$6.8 million for the year, comprising:

- Cash inflows from the sale of assets of \$8.6 million were up \$7.0 million on last year, due to several land sales transacted.
- Cash outflows for capital related spending of \$44.6 million were \$5.5 million higher on last year.
- Cash inflows from capital grants and developer contributions were up \$1.0 million to \$21.2 million.
- Net cash outflows from funds management activities (term deposits, financial assets) were down \$3.6 million for the year.
- A cash inflow of \$0.8 million relating to a loss recovery on a failed CDO investment.

Cash inflows from financing activities of \$1.9 million included the inflow of \$5.9 million of bonds and deposits previously held in Trust. This was offset by cash outflows of \$4.0 million for the repayment of borrowings for the Cockburn ARC and SMRC.

Cash and cash equivalents increased during the reporting year by \$6.8 million to \$7.6 million. It should be noted that the City's term deposits totalling \$157.4 million are not considered cash equivalents under Australian Accounting Standards.



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Rate Setting Statement

This statement shows the most complete view of the City's financial performance for 2019 and determines the municipal budget surplus.

The City's closing funds at 30 June 2019 were \$7.2 million, down \$4.7 million against the previous year. This result includes the take up of a current provision of \$5.2 million for rehabilitating the Henderson landfill site, representing the capping of Cell 6 planned for 2020.

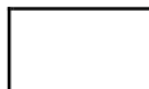
The total amount raised from general rates was up \$4.0 million (4.1%) to \$103.6 million, comprising the adopted increase of 1.9%, with the balance provided by growth in the City's rating base from development. This result was within \$0.05 million of the adopted budget target.

The rate setting statement also includes the spending on capital works and projects, with a total spend of \$42.8 million versus the adopted budget target of \$40.9 million (excludes the budget for carried forward projects).

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	2019	2018	Benchmark	High
Current Ratio	0.97	1.33	1.00	1.50
Asset Sustainability Ratio	0.46	0.74	0.90	1.20
Debt Service Ratio	8.72	5.53	2.00	5.00
Operating Surplus Ratio	0.01	-0.05	0.01	0.15
Own Source Revenue Ratio	0.94	0.96	0.40	0.90
Asset Consumption Ratio	0.69	0.70	0.50	0.75
Asset Renewal Funding Ratio	0.75	0.71	0.75	1.10
<b>Financial Health Indicator</b>	<b>73</b>	<b>78</b>		



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Two of the ratios exceed the DLGSC high ratio benchmark (those in bold), being the debt service and own source revenue ratios. Another three of the ratios are at or above the benchmark. However, there are two ratios that fell below the benchmarks for 2018-2019, being the current and asset sustainability ratios.

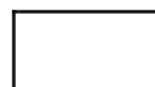
The current ratio at 0.97 falls just short of the benchmark of 1.00 and was adversely impacted by the taking up of a current provision of \$5.2 million this year for rehabilitation of the landfill (cell capping costs). Given the capping is planned for 2020, this item should not impact next year's ratio.

The asset sustainability ratio at 0.46 has fallen well below the benchmark in 2018-2019 and it was also below last year. As a result, the OAG have identified this as indicating a significant adverse trend in their audit report. However, the City is fully cognisant of the reasons for the result and confident that its financial planning strategies are appropriate for a City in a high growth phase. This ratio assesses the City's capital spending on renewing assets compared to the amount of depreciation on its asset base. Half of the City's depreciation is generated by its roads and road related assets. The City has well developed asset management plans for these assets, which determine the appropriate timing for renewal spending. Cockburn's road network is overall in relatively good condition. It doesn't make sense to renew assets before they are due, purely to match a straight line depreciation number. Further, the City is currently focusing much of its roads capital spend on new roads infrastructure to address traffic concerns and a growing population. This is typical for an outer growth Council as opposed to a developed inner Council and the ratio fails to distinguish between the two. It is expected that the ratio will improve in coming years as the City commences delivery of renewal projects contained within the Community Sport and Recreation Facilities Plan. For example, the delivery of the South Lake Leisure Centre replacement (Cockburn ARC) several years ago had a positive impact on this ratio. If we average the City's ratio over the past four years, it is above the benchmark (1.00 vs 0.90).

The results from these seven ratios combine to produce an FHI score for the City of 73 (compared to 78 last year). This result has dipped on last year because of the impact from the two ratios discussed above. Despite this, the City's result is still above the benchmark result of 70 that serves to indicate sound financial health (as defined by the Department of Local Government, Sport and Cultural Industries).

#### Restatements

Note 39 of the financial report discloses a number of restatements required to be made to the 2017-2018 financial comparatives. These came to light through both the audit process and management discovery. These are listed below:



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- Term deposits reclassified from Cash and Cash Equivalents to Financial Assets.
- The fair value of the Port Coogee marina assets taken up upon recognition in 2016 was overstated.
- The Provision for Site Rehabilitation and related Rehabilitation Assets at the Henderson landfill had not been accurately measured in prior years as the auditor determined certain valuation assumptions used in the financial model to be inaccurate.
- The investment in the Southern Metropolitan Regional Council (SMRC), which was being recorded under the equity method, should have been characterised as an investment in an associate, rather than as an investment in a joint venture.
- The City did not recognise the Loan Liability associated with the SMRC loans guaranteed by Council. Instead, it netted the loan liability off the equity interest held. Principal and interest payments were expensed in the Statement of Comprehensive Income as Other Expenses.

These restatements impacted a number of the statements and associated notes as indicated in note 39 and throughout the financial report.

#### Audit Report (KPMG)

The 2019 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 be present at the meeting to discuss the audit report and any audit findings. The audit report will be signed off and issued following the meeting and is expected to be without qualification.

#### Draft Audit Opinion (Office of the Auditor General)

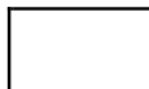
The OAG have issued an unqualified audit opinion (in draft form) with two "emphasis of matter" findings relating to land under roads and the restatements for 30 June 2018. This will be signed off and issued by the OAG after the meeting. The draft audit opinion is attached to the agenda.

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

##### Leading and Listening

Deliver sustainable governance through transparent and robust policy and processes

Ensure sound long term financial management and deliver value for money



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**Budget/Financial Implications**

The cost of the quoted external audit is sufficiently covered within the City's annual budget. However, the OAG have indicated additional work was performed to complete the audit and this will result in extra cost.

**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**

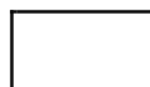
It is a requirement under the *Local Government Act 1995* for Council to accept the City's Annual Report (including the Financial Report and Auditor's Report) by no later than 31 December each year. Failure to do so will lead to statutory non-compliance.

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

N/A

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

Nil



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## Understanding the Financial Statements

### Introduction

The Financial Statements show how the Council performed financially during the 2018/19 financial year and presents the financial position as at the 30th June 2019.

Council is required to prepare its financial statements in accordance with the Australian Accounting Standards, the Local Government Act 1995 and the associated Local Government Regulations. As Council is a "not-for-profit" organisation in the public sector, some of the generally recognised terms used in private sector reports are not ideally transferable to the Local Government environment.

Cockburn Council is mindful of its role of acting in the public interest and it is in this context that this guide is provided to assist readers in understanding and analysing the financial statements.

### What is contained in the Financial Statements?

Council's Financial Statements has two sections, namely:

- (1) The principal Financial Statements
- (2) The Notes to and Forming Part of the Financial Statements.

There are five (5) principal Financial Statements and thirty nine (39) Notes to the Accounts. These are prepared by Council staff, audited by an independent Auditor, presented to Council's Audit Committee and then accepted by full Council as part of the Annual Report.

The five Principal Financial Statements comprise the following:

- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Comprehensive Income
- Cash Flow Statement
- Rate Setting Statement

The Notes to the Accounts include the accounting policies that were applied in preparing the financial statements, as well as more detailed information relating to specific items and values disclosed within the statements.

### Statement of Financial Position

This statement is a snap shot of the financial position of the Council as at 30 June of the reporting year. It shows what Council owns as assets and what it owes as liabilities. The bottom line of this statement is the net assets and is equivalent to the net worth of the Council that has built up since inception.

The assets and liabilities are separated into those that are Current and Non Current. Current means those assets and liabilities, which are likely to be consumed or



extinguished within the next 12 months. Non Current refers to assets and liabilities with an economic life extending beyond 12 months.

#### **Statement of Changes in Equity**

From one year to the next, the value of and composition of equity (as reported within the Statement of Financial Position) changes. Equity can be defined as being the net worth of Council or its net assets (Assets less Liabilities).

Council's equity is comprised of Cash Backed Reserves, Asset Revaluation Reserve (non cash) and the Accumulated Surplus. Net surpluses (or deficits) from Council's operations (as disclosed in the Statement of Comprehensive Income), will change the overall total of equity (via the accumulated surplus). Asset revaluations also impact Council's net worth position. Transfers to and from cash backed reserves, whilst not impacting the overall total of equity, demonstrate the consumption of or accumulation of savings for future purposes.

#### **Statement of Comprehensive Income**

The Statement of Comprehensive Income shows:

- The sources of Council's Revenue under various Program Headings
- The expenses incurred in running the Council during the year under Program Headings

These expenses relate only to the operations and do not include the costs associated with the purchase or the building of assets. While asset purchase costs are not included in expenses, there is an item for depreciation. This is the annual allocation of the cost of assets by reference to the remaining useful life of assets.

The key figure is the change in net assets resulting from operations and this year, it indicates that revenues exceeded expenses.

#### **Cash Flow Statement**

The Cash Flow Statement summarises Council's cash payments and cash receipts for the year. This statement is presented according to a very specific accounting standard and needs some care and analysis. The values in the Cash Flow Statement differ from those shown in the Statement of Comprehensive Income, as it is prepared on a cash basis, whereas the Statement of Comprehensive Income is prepared on an accruals basis.

Cash in this statement refers to bank deposits and other forms of highly liquid investments that can be readily converted to cash.

Council's cash arises from and is used in three main areas:

- Operating activities
- Investing activities – this term relates to assets such as infrastructure, plant, land and other long-term revenue producing assets.
- Financing activities – this is used to record the receipt and repayment of external financing such as loans and leases.

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The bottom line of the Cash Flow Statement shows the cash held at the end of the financial year.

**Rate Setting Statement**

The inclusion of a Rate Setting Statement in the annual statements is a requirement of the Local Government (Financial Management) Regulations 1996. The format for this statement is prescribed within the regulations and is the same as that included in the annual budget.

As the name suggests, the Rate Setting Statement sets out the total amount of general rates proposed in the budget and the amount actually raised during the reporting year. To arrive at these, the statement reconciles all sources and application of funds and the closing surplus or deficit (less any opening balances). This includes all operational revenue and expenses (as included in the Statement of Comprehensive Income) together with all capital acquisitions made, transfers to and from cash-backed reserves and transactions associated with borrowings.

The Rate Setting Statement provides a more complete picture of the council's financial activities during the reporting year compared to the Statement of Comprehensive Income (which reports only on the operational activities).

**Notes to the Accounts**

The notes are a very important and informative section of the Report. They provide additional meaning to and information in support of the principal statements.

The Significant Accounting Policies at note 1 provide the reader with the policies and parameters used in preparing the Statements. In other words, these are the ground rules that form the basis for preparing the statements.

Apart from the Accounting Policies, the other notes provide the details behind many of the summarised figures contained within the statements. Where there is a direct correlation between amounts, the applicable note number is disclosed beside the relevant item in the statements.

The notes should be read in conjunction with the principal Financial Statements to get a clearer understanding of Council's financial position.

**Auditor's Report & CEO's Statement**

The independent Audit Report provides an external and independent opinion on the Financial Statements. It provides the reader with the scope of the audit work undertaken and expresses an audit opinion formed on this basis. The audit opinion relates to the fairness aspects and the statutory compliance of the Financial Statements.

The Statement by the Chief Executive Officer serves as a written undertaking by management to the correctness and fairness of the statements.



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Item 10.1 Attachment 1

City of Cockburn  
Financial Report  
For the year ended 30 June 2019

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

Signed on the        of December 2019

\_\_\_\_\_  
*S Downing*  
*Chief Executive Officer (Acting)*

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## City of Cockburn

## Financial Report

## Statement of Comprehensive Income

*by Nature or Type*

for the Year Ended 30 June 2019

	Notes	Actual 2018/19	Budget 2018/19	Actual 2017/18 (Restated)#
		\$	\$	\$
<b>OPERATING REVENUE</b>				
Rates	23a	103,651,315	103,700,000	99,600,112
Specified Area Rates	23b	531,685	450,000	408,143
Fees and Charges	26	30,518,189	28,988,612	28,700,746
Operating Grants and Subsidies	25	12,786,397	12,233,842	12,800,692
Contributions, Donations and Reimbursements		1,733,551	1,249,689	1,561,499
Interest Earnings	2a	5,760,699	4,994,467	5,066,912
<b>Total Operating Revenue</b>		<b>154,981,837</b>	<b>151,616,611</b>	<b>148,138,103</b>
<b>OPERATING EXPENDITURE</b>				
Employee Cost		(56,782,611)	(56,695,329)	(54,561,331)
Materials and Contracts		(40,200,101)	(41,892,804)	(38,763,925)
Utilities		(5,480,584)	(5,460,583)	(5,142,827)
Interest Expenses	2a	(1,070,204)	(2,375,945)	(1,088,053)
Insurances		(1,745,071)	(1,485,000)	(1,322,018)
Other Expenses	2a	(7,731,006)	(7,839,706)	(7,329,360)
Depreciation on Non Current Assets	2a	(32,138,002)	(31,121,718)	(30,273,367)
Interest Expense - Provision for Site Rehabilitation	13	168,821	-	(155,782)
Amortisation on Landfill Infrastructure and Rehabilitation Asset	2	(8,912,463)	(1,139,280)	(2,889,917)
<b>Total Operating Expenditure</b>		<b>(153,891,221)</b>	<b>(148,010,366)</b>	<b>(141,526,579)</b>
<b>Increase</b>		<b>1,090,616</b>	<b>3,606,245</b>	<b>6,611,524</b>
<b>NON-OPERATING ACTIVITIES</b>				
Non-Operating Grants, Subsidies and Contributions	25	12,695,763	10,133,695	11,455,693
Developers Contributions Plans: Cash		8,485,923	5,910,000	8,734,325
Gifted Subdivision Assets	9b, 10b	9,439,171	-	12,168,364
Increase/(Decrease) in Investment in Associate	17	(881,985)	-	(14,096,082)
Other		16,403	-	(74)
Assets Gifted to Other Parties	4b	(1,873,635)	-	(741,058)
Recovery of Financial Investment	2a	830,780	-	-
Profit on Sale of Assets	20b	2,789,916	1,984,604	474,814
Loss on Sale of Assets	20b	(973,437)	(224,876)	(190,288)
<b>Total Non-Operating Activities</b>		<b>30,528,899</b>	<b>17,803,423</b>	<b>17,805,693</b>
<b>NET RESULT</b>		<b>31,619,515</b>	<b>21,409,668</b>	<b>24,417,217</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	15	21,290,331	-	19,821,682
<b>Total Other Comprehensive Income</b>		<b>21,290,331</b>	<b>-</b>	<b>19,821,682</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>52,909,846</b>	<b>21,409,668</b>	<b>44,238,899</b>

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# Restated - Refer note 39



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City of Cockburn  
Financial Report

Statement of Comprehensive Income by program				
For the year ended 30 June 2019	Actual 2018/19	Budget 2018/19	Actual 2017/18 (Restated)*	
Notes	\$	\$	\$	
<b>REVENUES</b>				
Revenue From Ordinary Activities				
General Purpose Funding	114,307,338	113,414,800	109,115,819	
Governance	627,064	115,485	261,058	
Law Order & Public Safety	1,221,362	742,922	923,561	
Health	367,956	323,500	344,738	
Education & Welfare	8,349,716	8,449,044	9,771,219	
Community Amenities	11,279,915	10,292,645	9,862,148	
Recreation & Culture	12,655,477	12,701,127	12,568,328	
Transport	445,918	281,509	408,296	
Economic Services	1,869,446	1,977,301	1,825,077	
Other Property & Services	3,857,645	3,318,278	3,057,859	
<b>TOTAL OPERATING REVENUES</b>	<b>154,981,837</b>	<b>151,616,611</b>	<b>148,138,103</b>	
<b>EXPENSES</b>				
General Purpose Funding	(1,633,094)	(1,460,097)	(1,885,973)	
Governance	(10,379,977)	(12,005,159)	(10,379,245)	
Law Order & Public Safety	(6,790,447)	(6,629,038)	(6,776,487)	
Health	(2,364,483)	(2,507,925)	(2,293,065)	
Education & Welfare	(15,472,229)	(16,214,899)	(15,647,106)	
Community Amenities	(39,256,633)	(33,347,841)	(33,200,684)	
Recreation & Culture	(43,170,992)	(41,530,429)	(38,635,086)	
Transport	(27,889,089)	(27,867,743)	(26,895,201)	
Economic Services	(2,581,274)	(2,633,442)	(2,732,097)	
Other Property & Services	(4,353,003)	(3,813,793)	(3,081,635)	
<b>Total Operating Expenditure</b>	<b>(153,891,221)</b>	<b>(148,010,366)</b>	<b>(141,526,579)</b>	
<b>Increase/(Decrease)</b>	<b>1,090,616</b>	<b>3,606,245</b>	<b>6,611,524</b>	
<b>NON-OPERATING GRANTS/CONTRIBUTIONS TOWARDS ASSETS: CASH</b>				
General Purpose Funding	3,217,623	3,208,945	3,300,000	
Governance	114,910	-	490,681	
Community Amenities	-	-	929,634	
Recreation & Culture	4,184,438	3,012,000	8,596,708	
Transport	9,802,813	7,601,695	4,271,772	
Other Property & Services	3,861,902	2,221,055	2,601,223	
	<b>21,181,686</b>	<b>16,043,695</b>	<b>20,190,018</b>	
Gifted Subdivision Assets	90, 100	9,439,171	-	12,168,364
Assets Gifted to Other Parties	40	(1,873,635)	-	(741,058)
Increase/(Decrease) in Investment in Associate	17	(881,985)	-	(14,096,082)
Other		16,403	-	(74)
Recovery of Financial Investment	28	830,780	-	-
<b>PROFIT/(LOSS) ON DISPOSAL OF ASSETS</b>				
Education & Welfare	200	-	20,000	-
Recreation & Culture	200	(973,437)	-	(190,288)
Transport	200	236,424	(224,876)	324,100
Other Property & Services	200	2,553,492	1,964,604	150,715
		<b>9,347,213</b>	<b>1,759,728</b>	<b>(2,384,325)</b>
<b>NET RESULT</b>		<b>31,619,515</b>	<b>21,409,668</b>	<b>24,417,217</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	15	21,290,331	-	19,821,682
<b>Total Other Comprehensive Income</b>		<b>21,290,331</b>	<b>-</b>	<b>19,821,682</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>52,909,846</b>	<b>21,409,668</b>	<b>44,238,899</b>

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

\* Restated - Refer note 39

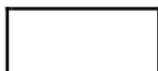
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City of Cockburn  
Financial Report

Statement of Financial Position				
As at 30 June 2019		30 June 2019	30 June 2018 (Restated)†	1 July 2017 (Restated)†
	Notes	\$		
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	3	7,586,674	791,393	2,919,242
Financial Assets	4a	157,400,000	137,900,000	114,741,492
Trade & Other Receivables	6	11,133,763	8,240,088	8,471,749
Other Assets	7	187,192	282,233	911,565
Inventories	8	33,335	35,600	21,782
Total Current Assets		176,340,965	147,249,315	127,065,830
<b>NON CURRENT ASSETS</b>				
Financial Assets	4a	1,141,031	1,145,550	1,202,453
Interests in Investment in Associate	5	675,004	1,556,989	15,653,071
Trade & Other Receivables	6	1,018,156	958,125	858,657
Property, Plant and Equipment	9a	335,763,145	336,010,448	328,223,270
Infrastructure	10a	795,402,490	761,666,096	731,846,783
Rehabilitation Assets	11	25,370,319	24,777,879	26,019,998
Total Non Current Assets		1,159,370,144	1,126,115,087	1,103,804,232
<b>TOTAL ASSETS</b>		<b>1,335,711,109</b>	<b>1,273,364,402</b>	<b>1,230,870,062</b>
<b>CURRENT LIABILITIES</b>				
Trade & Other Payables	12a	12,778,469	10,516,264	9,381,006
Borrowings	12b, 22	4,770,060	4,000,000	3,800,000
Provisions	13	12,299,621	6,730,946	6,596,413
Total Current Liabilities		29,848,150	21,247,210	19,777,419
<b>NON CURRENT LIABILITIES</b>				
Other Payables	12a	2,441,341	-	-
Borrowings	12b, 22	19,163,523	23,753,809	27,760,080
Provisions	13	33,575,922	30,591,057	29,799,136
Total Non Current Liabilities		55,180,787	54,344,866	57,559,216
<b>TOTAL LIABILITIES</b>		<b>85,028,937</b>	<b>75,592,076</b>	<b>77,336,635</b>
<b>NET ASSETS</b>		<b>1,250,682,172</b>	<b>1,197,772,326</b>	<b>1,153,533,427</b>
<b>EQUITY</b>				
Accumulated Surplus		563,455,915	555,366,216	544,482,356
Reserves - Cash/Investment Backed	14	142,586,243	119,056,427	105,523,070
Revaluation Surplus	15	544,640,014	523,349,683	503,528,001
<b>TOTAL EQUITY</b>		<b>1,250,682,172</b>	<b>1,197,772,326</b>	<b>1,153,533,427</b>

The Statement of Financial Position should be read in conjunction with the accompanying notes.  
† Restated - Refer note 39



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Item 10.1 Attachment 1

City of Cockburn  
Financial Report

Statement of Changes in Equity				
	Accumulated Surplus \$	Reserves (Note 14) \$	Revaluation Surplus (Note 15) \$	Total Equity \$
<b>For the year ended 30 June 2019</b>				
Balance as at 1 July 2017	553,757,996	105,523,070	503,528,001	1,162,809,067
Adjusted due to Restatement	(9,275,640)	-	-	(9,275,640)
Balance as at 1 July 2017 (Restated) #	544,482,356	105,523,070	503,528,001	1,153,533,427
Net Result #	24,417,217	-	-	24,417,217
Other Comprehensive Income	-	-	19,821,682	19,821,682
Total Comprehensive Income #	24,417,217	-	19,821,682	44,238,899
Transfer (from)/to Reserves	(13,533,357)	13,533,357	-	-
<b>Balance as at 30 June 2018 #</b>	<b>555,366,216</b>	<b>119,056,427</b>	<b>523,349,683</b>	<b>1,197,772,326</b>
Net Result	31,619,515	-	-	31,619,515
Other Comprehensive Income	-	-	21,290,331	21,290,331
Total Comprehensive Income	31,619,515	-	21,290,331	52,909,846
Transfer (from)/to Reserves	(23,529,816)	23,529,816	-	-
<b>Balance as at 30 June 2019</b>	<b>563,455,915</b>	<b>142,586,243</b>	<b>544,640,014</b>	<b>1,250,682,172</b>

*The Statement of Changes in Equity should be read in conjunction with the accompanying notes.*  
# Restated - Refer Note 39



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City of Cockburn  
Financial Report

Statement of Cash Flows			
For the year ended 30 June 2019	Actual 2018/19	Budget 2018/19	Actual 2017/18 (Restated)†
Notes	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee Cost	(56,476,590)	(56,695,329)	(54,353,417)
Materials and Contracts	(39,679,430)	(41,860,811)	(38,615,499)
Utilities	(5,480,584)	(5,460,583)	(5,142,827)
Interest Paid	(1,070,204)	(708,945)	(1,088,053)
Insurances	(1,745,071)	(1,485,000)	(1,322,018)
Other Expenses	(7,557,692)	(9,140,388)	(7,329,360)
GST on Payments	(8,469,395)	(4,414,353)	(6,989,765)
	(120,478,965)	(119,765,409)	(114,840,940)
<b>Receipts</b>			
Rates & Specified Area Rates	103,831,112	104,150,000	99,948,077
Fees and Charges	27,557,103	28,988,612	28,876,540
Contributions, Donations and Reimbursements	1,733,551	1,249,689	1,561,499
Interest Received	5,663,580	4,994,467	4,796,061
Grants & Subsidies - Operating	12,786,397	12,233,842	12,800,692
Other Revenue/Income	(423,286)	-	422,812
GST on Receipts	3,478,373	731,251	967,807
GST Refunded by ATO	4,212,267	3,683,102	7,488,923
	158,839,097	156,030,963	156,862,410
<b>NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>	<b>10a 38,360,131</b>	<b>36,265,554</b>	<b>42,021,469</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale on Non Current Assets	20b 8,603,151	3,887,000	1,651,090
Purchase Furniture and Equipment	(59,434)	(30,000)	(414,049)
Purchase Computer Equipment	(1,088,550)	(1,063,280)	(1,340,778)
Purchase & Construction of Infrastructure Assets	(26,126,511)	(26,323,008)	(18,839,953)
Purchase Plant and Machinery	(2,606,865)	(4,161,000)	(3,967,809)
Purchase & Development of Land	(2,698,942)	-	(674,483)
Purchase & Construction of Buildings	(10,192,523)	(9,344,800)	(13,104,344)
Capital Grants, Subsidies & Contributions	12,695,763	10,133,695	11,455,693
Developer Contribution - Cash	8,485,923	5,910,000	8,734,325
Assets Gifted to Other Parties	(1,873,635)	-	(741,058)
Recovery of Financial Investment	2a 830,780	-	-
Payments for Term Deposits	(19,500,000)	-	(27,000,000)
Proceeds from Sale of Maturing Investments	20,922	-	3,898,320
<b>NET CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES</b>	<b>(33,509,920)</b>	<b>(20,991,393)</b>	<b>(40,343,047)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net receipts/(refund) of bonds	5,938,610	-	-
Loan Principal Repayment	(3,993,540)	(2,500,000)	(3,806,271)
<b>NET CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES</b>	<b>1,945,070</b>	<b>(2,500,000)</b>	<b>(3,806,271)</b>
Net Increase/(Decrease) In Cash during year	6,795,281	12,774,161	(2,127,848)
Cash & Cash Equivalents at Beginning of Reporting Period	791,393	(590,530)	2,919,242
<b>CASH &amp; CASH EQUIVALENTS AT END OF REPORTING PERIOD</b>	<b>3,10b 7,586,674</b>	<b>12,183,631</b>	<b>791,393</b>
The Statement of Cash Flows should be read in conjunction with the accompanying notes.			
† Restated - Refer note 39			



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Rate Setting Statement		Actual 2018/19	Budget 2018/19	Actual 2017/18 (Restated)#
For the year ended 30 June 2019		\$	\$	\$
	Notes			
<b>Operating Revenue</b>				
Specified Area Rates	23a	531,685	450,000	408,143
Fees & Charges	2b	30,518,189	28,988,812	28,700,748
Service Charges		-	-	-
Operating Grants & Subsidies	2b	12,786,397	12,233,842	12,800,692
Contributions, Donations, Reimbursements		1,733,551	1,249,089	1,561,499
Interest Earnings	2a	5,760,699	4,694,487	5,066,912
Profit on Sale of Assets	20a	2,789,916	1,793,103	474,814
<b>Total Operating Revenue</b>		<b>54,126,437</b>	<b>49,679,714</b>	<b>49,912,866</b>
<b>Operating Expenditure</b>				
Employee Costs		(56,782,611)	(56,695,329)	(54,561,331)
Materials and Contracts		(40,200,101)	(41,892,804)	(38,763,626)
Utilities		(5,480,584)	(5,400,583)	(5,142,827)
Interest Expenses	22	(1,070,204)	(2,375,945)	(1,088,053)
Insurances		(1,745,071)	(1,485,000)	(1,322,018)
Other Expenses		(7,731,006)	(7,839,706)	(7,329,360)
Loss on Sale of Assets	20a	(973,437)	(201,388)	(190,288)
Depreciation on Non Current Assets	2a	(32,138,002)	(31,121,718)	(30,273,367)
Interest Expense - Provision for Site Rehabilitation	13	(156,821)	-	(155,782)
Amortisation on Non Current Assets	10a, 11	(8,912,463)	(1,139,280)	(2,889,917)
<b>Total Operating Expenditure</b>		<b>(154,864,658)</b>	<b>(148,211,754)</b>	<b>(141,716,867)</b>
<b>Change in Net Assets Resulting from Operations before Rates</b>		<b>(100,744,221)</b>	<b>(98,532,040)</b>	<b>(92,704,062)</b>
<b>Adjustments for Cash Budget Requirements:</b>				
Profit on Sale of Assets	20a	(2,789,916)	(1,793,103)	(474,814)
Loss on Sale of Assets	20a	973,437	201,388	190,288
Depreciation on Non Current Assets	2a	32,138,002	31,121,718	30,273,367
Interest Expense - Provision for Site Rehabilitation	13	(156,821)	-	(155,782)
Amortisation on Non Current Assets	10a, 11	8,912,463	1,139,280	2,889,917
Movement in Rehabilitation Assets Provisions		(5,171,553)	-	-
Movement in Non-Current Employee Benefit Provisions	13	(91,101)	-	73,381
Movement in SMRC Loan Liability Current		6,840	-	-
Movement in SMRC Loan Liability Non- Current		166,475	-	-
Movement in Deferred Pensioners	6	(60,031)	-	(99,458)
		<b>33,915,795</b>	<b>30,699,283</b>	<b>33,098,453</b>
<b>Capital Expenditure and Revenue</b>				
Purchase of Land	5a	(2,668,942)	-	(674,483)
Purchase of Buildings	5a	(10,192,523)	(9,362,800)	(13,104,344)
Purchase of Plant and Machinery	5a	(2,806,865)	(4,161,000)	(3,967,809)
Purchase of Furniture and Equipment	5a	(59,434)	(30,000)	(414,049)
Purchase of Computer Equipment	5a	(1,088,550)	(1,063,280)	(1,340,778)
Construction of Roads Infrastructure	10a	(17,436,278)	(14,162,636)	(10,208,029)
Construction of Drainage Infrastructure	10a	(851,499)	(1,218,300)	(794,477)
Construction of Footpath Infrastructure	10a	(1,228,918)	(1,187,072)	(876,253)
Construction of Parks Hard Infrastructure	10a	(5,688,488)	(5,847,000)	(6,752,793)
Construction of Parks Soft Infrastructure		-	(1,880,000)	-
Construction of Refuse Site Infrastructure	10a	(227,969)	(300,000)	(208,401)
Construction of Marina Infrastructure	10a	(593,359)	(1,550,000)	-
Proceeds on Sale of Assets	20a	8,603,151	3,887,000	1,651,060
Contributions/Grants for the development of Assets	2b	12,696,763	10,133,696	11,455,693
Net Movement in Gifted Assets	4a	(1,873,635)	-	(741,056)
Recovery of Financial Investment	2a	830,780	-	-
Developer Contribution Plans - Cash		8,485,923	5,910,000	8,734,325
Repayment of Loans	22	(3,993,540)	(2,500,000)	(3,806,271)
Transfers from Reserves (Restricted Assets)	14	30,936,193	17,168,457	24,280,163
Transfers to Reserves (Restricted Assets)	14	(54,495,006)	(31,528,907)	(37,813,516)
		<b>(41,554,199)</b>	<b>(37,851,843)</b>	<b>(34,580,994)</b>
<b>NET</b>		<b>(108,382,625)</b>	<b>(105,684,600)</b>	<b>(84,276,603)</b>
Add: Opening Funds	3a	11,967,494	2,000,000	6,643,665
Less: Closing Funds	3a	7,236,184	15,400	11,967,494
<b>Amount Required to be Raised from</b>	23a	<b>(103,651,315)</b>	<b>(103,700,000)</b>	<b>(89,699,112)</b>

The Rate Setting Statement should be read in conjunction with the accompanying notes.

# Restated - Refer note 39

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## NOTES TO THE ACCOUNTS

### 1. Significant Accounting Policies

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

#### a. Basis of Preparation

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

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

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

#### *Critical accounting estimates*

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

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

#### *The local government reporting entity*

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



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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.

**b. 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.

**c. Cash and Cash Equivalents**

Cash and cash equivalents include cash at bank and in hand and short-term deposits with an original maturity 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.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the Statement of Financial Position.

**d. Inventories**

**General**

Inventories are valued 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.

**e. Fixed Assets**

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

**Mandatory requirement to revalue non-current assets**

Effective from 1 July 2012, the *Local Government (Financial Management) Regulations 1996* were amended and the measurement of non-current assets at Fair Value became mandatory.

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As at 30 June 2017 all non-current assets were being carried at Fair Value in accordance with the requirements and are now remeasured at least every five years.

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

***Land under control***

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

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

***Initial recognition and measurement between mandatory revaluation dates***

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

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

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

***Revaluation***

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

***Land under Roads***

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

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



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Roads and the requirement of Regulation 16(a) (i) of the Local Government (Financial Management) Regulations that prohibits local government from recognising such land as an asset of local government.

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

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

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

#### **Depreciation of Non-Current Assets**

The depreciation amount of all fixed assets including buildings but excluding freehold land, are depreciated on 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 life of the improvements.

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

- 1) 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
- 2) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Depreciation is recognised over the asset's useful life, as follows:

#### **Property, Plant and Equipment**

Buildings (Components)	30-50 years
Furniture and Equipment	3-10 years
Computer Equipment	3-5 years
Plant & Machinery	3-10 years

#### **Infrastructure Assets**

Infrastructure – Footpaths	20-50 years
Infrastructure – Drainage	30-75 years
Infrastructure – Roads: Surface	15-25 years
Infrastructure – Roads: Base	50-80 years
Infrastructure – Roads: Sub-Base	80-100 years

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Infrastructure – Roads: Kerbing	20-50 years
Infrastructure – Bridges	30-50 years
Infrastructure – Parks Equipment	10-30 years
Infrastructure – Marina	20-100 years
Infrastructure – Landfill	10-80 years
Bus Shelters	15-40 years

**Capitalisation Threshold**

Asset Class	\$
Land	5,000
Buildings	5,000
Furniture & Equipment / Computer Equipment	5,000
Plant & Machinery	5,000
Infrastructure Assets	5,000
Software	100,000

During the reporting year, the City increased the capitalisation threshold for land and buildings from nil to \$5,000 in accordance with the *Local Government (Financial Management) Regulations 1996*. The City also wrote off any assets held that had been previously capitalised below the \$5,000 threshold. The total amount was immaterial.

After considering AASB 1031 – Materiality, the above capital recognition thresholds have been determined for each asset class. Any purchase below these thresholds is recognised as expenditure in the income statement.

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.

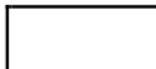
**f. Financial Assets***Other financial assets at amortised cost*

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:



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- 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 29.

**g. Trade and other receivables**

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

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 29.

*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.

**h. Fair Value of Assets and Liabilities**

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

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

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are



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determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

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

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

#### ***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.

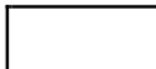
#### ***Valuation techniques***

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***



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

*Cost approach*

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

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

As detailed above, the mandatory measurement framework imposed by the *Local Government (Financial Management) Regulations 1996* requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

**i. Impairment of Assets**

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

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

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

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

**j. Trade and Other Payables**

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

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services. The amounts are unsecured and are usually settled within 30 days of recognition.

**k. Employee Benefits**

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

*Short-term employee benefits*

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

*Other long-term employee benefits*

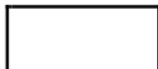
The City's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position. Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end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

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.

**l. Borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.



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Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

***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.

**m. Provisions**

Provisions are recognised when: The Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

**n. Leases**

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

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to 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.

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

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

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

**o. Investment in Associates**

An associate is an entity over which the City has significant influence. Significant influence is the power to participate in the financial operating policy

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

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

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

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

**p. Rates, Grants, Donations and Other Contributions**

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

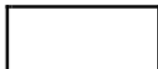
Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 20(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

**q. Superannuation**

The Council is a member of the Western Australian Local Government Superannuation Plan (WALGSP). This is a Defined Contributions Plan and Council contributes at the rate of 10.5% for the Superannuation Guarantee Charge, plus additional matching contributions of up to 4% where agreed.

**r. Rounding Off Figures**

All figures shown in this annual financial report, other than a rate in the dollar, are displayed rounded to the nearest dollar but summed to two decimal places.



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**s. Comparative Figures**

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

**t. Current and Non-Current Classification**

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

**u. Budget Information**

Budget figures shown in the financial statements have been disclosed as per the legislative requirements. Where necessary, budget information has been recast to comply with current presentation requirements. 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.

**v. New Accounting Standards and Interpretations for Application in Future Periods**

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

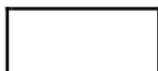
Management's assessment of the new and amended pronouncements that are relevant to the City, applicable to future reporting periods and which have not yet been adopted is still in progress. The expected impact is set out as follows:

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	<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable<sup>(1)</sup></b>	<b>Impact</b>
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this standard will depend on the nature of future transactions the City has with those third parties it has dealings with. The City has not yet determined the impact of adopting this standard</p>
(iii)	AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability into the statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position when AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Whilst the City is yet to fully assess the impact based on the current number of operating leases held by the City, the impact is not expected to be significant.</p>



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- |      |  |              |                  |           |                 |  |
|------|--|--------------|------------------|-----------|-----------------|--|
| (iv) | AASB<br>Income of Not-for<br>Profit Entities | 1058<br>2016 | December<br>2016 | 1<br>2019 | January<br>2019 | <p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> <li>• Assets received below fair value;</li> <li>• Transfers received to acquire or construct non-financial assets;</li> <li>• Grants received;</li> <li>• Prepaid rates;</li> <li>• Leases entered into at below market rates; and</li> <li>• Volunteer services</li> </ul> |
|------|--|--------------|------------------|-----------|-----------------|--|

Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the City's operations.

*Notes: (1) Applicable to reporting periods commencing on or after the given date.*

Management is continuing to review industry guidance and analyse business transactions to determine the financial requirements for 2019/20 reporting year.

#### w. Adoption of New and Revised Accounting Standards

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

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

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

The City applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies, however there were no changes to amounts recognised in the financial statements.



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***Classification and subsequent measurement***

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

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

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

- Trade receivables, term deposits and loans and advances (i.e. other debtors) classified as loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as financial assets at amortised cost beginning 1 July 2018.
- The investment in Local Government House Trust was designated as at fair value through profit and loss (previously classified as an available-for-sale financial asset).

***Impairment***

The adoption of AASB 9 has fundamentally changed the City's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the City to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. There was no change to the provision for impairment losses at 1 July 2018 as a result of this change.

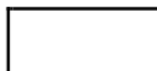
**x. Intangible Assets**

***Easements***

The Council has determined that under AASB 138 Intangible Assets, easements are valued on an historical cost basis, because it is unlikely that an active market in easements exists to allow for fair value measurement. Due to acquisition of easements at NIL values, no easements have been included in the financial report.

**y. Provision for Restoration, Rehabilitation and Site Monitoring Costs**

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



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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.

**z. Future capping Expenditure**

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 unwinding 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.

**aa. Land Held for Resale**

Land purchased for development and/or resale is valued at the lower of cost and fair value less costs to sell. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

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

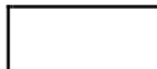
Land held for resale is classified as current except where it is held as non-current based on the Council's intention to release for sale.

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT			
2a. Revenue and Expenses			
	Actual 2018/19	Budget 2018/19	Actual 2017/18 (Restated)†
The net result includes:	\$	\$	\$
<b>(i) CHARGING AS AN EXPENSE</b>			
<u>Auditors Remuneration</u>			
Audit of financial statements	45,000	30,000	30,000
Audit of project - acquittals	9,995	13,105	883
	<b>54,995</b>	<b>43,105</b>	<b>30,883</b>
<u>Depreciation</u>			
Buildings	6,317,893	6,156,336	5,987,676
Plant and Machinery	3,251,482	3,197,550	3,221,086
Furniture Equipment	367,953	379,764	361,032
Computer Equipment	1,214,936	1,010,616	982,607
Infrastructure - Roads	11,503,206	11,369,220	11,069,610
Infrastructure - Drainage	2,617,320	2,608,404	2,532,594
Infrastructure - Footpaths	1,386,424	1,410,360	1,369,401
Infrastructure - Parks Equipment	4,501,580	3,996,360	3,772,152
Infrastructure - Marina	977,208	993,108	977,208
	<b>32,138,002</b>	<b>31,121,718</b>	<b>30,273,367</b>
<u>Amortisation</u>			
Infrastructure - Landfill	1,088,562	1,139,280	1,085,041
Rehabilitation Asset	7,823,901	-	1,804,876
	<b>8,912,463</b>	<b>1,139,280</b>	<b>2,889,917</b>
<u>Interest Expenses</u>			
WATC Borrowings	782,613	708,945	726,777
RRRC Loan	287,591	1,667,000	361,276
	<b>1,070,204</b>	<b>2,375,945</b>	<b>1,088,053</b>
<u>Rental Charges</u>			
Operating Leases	709,647	628,917	933,245
<u>Recovery of Financial Investment</u>			
Legal action settlement against the Standard & Poors credit rating agency for a failed CDO	830,780	-	-
<u>Other Expenses</u>			
Members Travelling Expenses	4,985	10,000	8,106
Councillor Communication Expenses	41,190	35,000	-
Councillor Meeting Allowances	329,322	329,318	-
Child Care Expenses - Reimbursement Ele	3,586	2,000	-
RRRC Funding Payment	-	-	-
Aust Perform Rights Assoc Fees	6,209	6,000	6,701
Contribution - ESL	924	73,212	-
Contribution - SMRC	436,879	230,000	751,044
Study Fees Contributed	64,806	90,000	64,414
Donations	1,157,278	1,365,655	1,033,690
Landfill Levy	3,658,422	3,634,373	3,569,403
Mayoral Allowance	88,864	88,864	88,864
Reimbursement - Management Agreement	4,500	6,100	-
Licensing Expenses	85,470	199,891	103,011
Deputy Mayoral Allowance	22,251	22,216	22,251
Contribution to Operating Costs	4,000	14,000	14,000
Waste Levy Offset - Gateways Landfill Chi	83,356	90,000	83,356
Insurance Excess	-	-	20,325
ESL Levy - Council Properties	168,008	132,586	123,042
Fuel Issues	886,760	746,391	779,482
Educator Service Fee Recoup	359,286	367,000	367,275
Parent Service Fee recoup	266,123	395,000	292,980
Minor Other Expenses	67,787	2,100	1,415
	<b>7,731,006</b>	<b>7,839,706</b>	<b>7,329,360</b>
<b>(ii) CREDITING AS REVENUE</b>			
Grants/Contributions towards Assets	12,695,763	10,133,695	11,455,693
Share of profit / (loss) of associate - SMRC	(881,985)	-	(14,096,082)
<u>Interest Earnings</u>			
Interest received on Reserve Funds	2,470,756	1,999,467	2,258,709
Interest received on Other Funds	3,289,943	2,995,000	2,808,203
	<b>5,760,699</b>	<b>4,994,467</b>	<b>5,066,912</b>
† Restated - Refer note 39			



City of Cockburn  
Financial Report

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**2b. Revenues and Expenses**

**MISSION STATEMENT**

To make the City of Cockburn the most attractive place to live, work, visit and invest in, within the Perth metropolitan area.

The City of Cockburn has adopted the program/activity structure outlined in Schedule 1 of the Local Government (Financial Management) Regulations. The City has incorporated the allocation of internal service provision costs throughout the various programs/activities.

Council operations as disclosed in this budget encompass the following service orientated programs/activities:

*General Purpose Funding*

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.

*Governance*

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.

*Law, Order And Public Safety*

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.

*Health*

The provision of environmental health services including food quality and pest control.

*Education and Welfare*

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.

*Community Amenities*

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.

*Recreation and Culture*

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.

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*Transport*

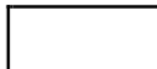
This program includes road, drainage and footpath construction and maintenance. The provision and maintenance of streetscapes is also included, as is the purchase of heavy plant and the operations of the council works depot

*Economic Services*

Activities associated with the control of building activity within the city and the provision of facilities and services that encourage tourism.

*Other Property and Services*

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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## City of Cockburn

## Financial Report

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

## 3. Cash &amp; Cash Equivalents

	Actual 2018/19	Actual 2017/18 (Restated)≠
	\$	\$
Cash at Bank	7,558,041	762,182
Cash on Hand	28,633	29,212
<b>Total Cash &amp; Cash Equivalents</b>	<b>7,586,674</b>	<b>791,393</b>
Term Deposits (refer note 4)	157,400,000	137,900,000
<b>Total Cash, Cash Equivalents and Term Deposits</b>	<b>164,986,674</b>	<b>138,691,393</b>
Restricted	147,523,959	118,034,611
Unrestricted	17,462,715	20,656,782
	<b>164,986,674</b>	<b>138,691,393</b>
<b>Summary of Restricted Assets</b>		
Sundry Deposits and Bonds	5,938,610	-
Council Funded Reserves	116,238,238	90,881,570
Externally Funded Reserves	8,649,014	12,141,558
Development Contribution Plans	17,698,991	16,033,299
Less: Non-Current Investments (refer note 4)	(1,000,894)	(1,021,816)
<b>Total Restricted Assets</b>	<b>147,523,959</b>	<b>118,034,611</b>

≠ Restated - Refer note 39

## Item 10.1 Attachment 1

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## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

## 4a. Financial Assets

	Actual 2018/19	Actual 2017/18 (Restated)≠
<b>CURRENT</b>	<b>\$</b>	<b>\$</b>
Term deposits maturing within 12 mths of reporting period	157,400,000	137,900,000
<b>NON CURRENT</b>		
Investments maturing later than 12 mths from reporting period		
Mortgage-Backed securities	1,000,894	1,021,816
Available for Sale Financial Asset House Trust*	-	123,734
Financial Assets at Fair Value Through Profit or Loss - House Trust*	140,137	-
	<u>1,141,031</u>	<u>1,145,550</u>

Some of the term deposits are restricted in nature (see note 3).

\*) This note discloses the equity the City has in the Local Government House Trust as a consequence of a contribution towards the cost of purchasing Local Government House.

The total contribution by all Councils towards the cost of the WALGA building was \$582,000. There are 620 units in the Local Government House Unit Trust, 8 of which are held by the City of Cockburn.

≠ Restated - Refer note 39

## 4b. Assets Gifted to Other Parties

	Actual 2018/19	Actual 2017/18
	<b>\$</b>	<b>\$</b>
Ceded land costs	1,873,635	-
Public Open Space on Lot 8010 Spearwood Ave Beeliar - gifted to the State	-	351,750
Road Reserve on Lot 42-44 Frankland Ave - gifted to the State	-	330,000
Road Reserve on 12 Packham North Ocean Crescent - gifted to the State	-	59,308
	<u>1,873,635</u>	<u>741,058</u>

## 5. Interests in Investment in Associate

	Actual 2018/19	Actual 2017/18 (Restated)≠
	<b>\$</b>	<b>\$</b>
<b>NON CURRENT</b>		
SMRC	675,004	1,556,989
	<u>675,004</u>	<u>1,556,989</u>

Refer note 17 for further detail on Investment in Associate - SMRC

≠ Restated - Refer note 39



## City of Cockburn

## Financial Report

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

**6. Trade & Other Receivables**

	Actual 2018/19	Actual 2017/18
<b>CURRENT</b>	<b>\$</b>	<b>\$</b>
Rates Outstanding	2,374,622	2,082,764
Rubbish Charges Outstanding	68,436	88,904
Sundry Debtors	8,621,363	5,542,690
GST Receivable	69,342	525,731
	<b>11,133,763</b>	<b>8,240,088</b>
<b>NON CURRENT</b>		
Rates Outstanding - Pensioners	1,018,156	958,125
	<b>1,018,156</b>	<b>958,125</b>

**7. Other Assets**

	Actual 2018/19	Actual 2017/18
<b>CURRENT</b>	<b>\$</b>	<b>\$</b>
Prepayments	187,192	282,233
	<b>187,192</b>	<b>282,233</b>

**8. Inventories**

	Actual 2018/19	Actual 2017/18
	<b>\$</b>	<b>\$</b>
Fuel Depot	33,335	35,600
	<b>33,335</b>	<b>35,600</b>



**SASFC 11/12/2019**

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

[illegible]

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arm's length and any accumulated depreciation reflects the usage of service potential. It is considered the recorded written down value approximates fair value. At the end of each intervening 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 which requires property, plant and equipment to be shown at fair value.

The following table reconciles the carrying amount at the beginning and end of the current financial year for each class of non-current assets:

The following table reconciles the carrying amount at the beginning and end of the current financial year for each class of non-current assets:

[illegible]

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

**10a. Infrastructure Assets**

	Actual 2018/19 \$	Actual 2017/18 (\$Restated) \$
<b>INFRASTRUCTURE - ROADS</b>		
At Management Valuation 2018	607,826,864	-
LESS Accumulated Depreciation	(229,033,046)	(228,875,653)
	378,793,818	366,265,293
<b>INFRASTRUCTURE - DRAINAGE</b>		
At Management Valuation 2018	264,908,467	-
At Management Valuation 2018	-	261,722,434
LESS Accumulated Depreciation	(30,240,142)	(30,014,467)
	234,668,325	231,707,967
<b>INFRASTRUCTURE - FOOTPATHS</b>		
At Management Valuation 2018	65,310,912	-
At Management Valuation 2018	-	66,251,278
LESS Accumulated Depreciation	(25,926,311)	(24,383,670)
	39,384,601	41,867,608
<b>INFRASTRUCTURE - PARK &amp; EQUIPMENT</b>		
At Management Valuation 2017	84,349,639	84,349,639
At Management Valuation 2018	2,737,087	-
LESS Accumulated Depreciation	(33,640,786)	(29,039,205)
	53,445,940	55,310,434
<b>LANDFILL INFRASTRUCTURE</b>		
At Management Valuation 2017	36,216,177	36,216,177
At Management Valuation 2018	81,613	-
LESS Accumulated Depreciation	(16,612,364)	(16,423,602)
	19,784,826	19,792,575
<b>MARINA INFRASTRUCTURE</b>		
At Management Valuation 2018	49,134,748	49,134,748
LESS Accumulated Depreciation	(7,589,163)	(6,581,365)
	41,545,585	42,553,383
<b>WORK IN PROGRESS</b>		
At Cost	27,749,034	23,282,380
	27,749,034	23,282,380
<b>TOTAL INFRASTRUCTURE ASSETS</b>		
Gross Book Value	1,156,323,069	1,119,894,437
LESS Accumulated Depreciation	(362,920,880)	(364,228,341)
<b>NET BOOK VALUE</b>	<b>793,402,189</b>	<b>755,666,096</b>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Over the year, assets are acquired at arms length and any accumulated depreciation reflects the usage of service potential. It is considered the recorded written down value approximates fair value. At the end of each intervening 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 which requires infrastructure to be shown at fair value.

**10b. Movements in Carrying Amounts - Infrastructure**

The following table reconciles the carrying amount at the beginning and end of the current financial year for each class of non-current assets:

	2018/19	2017/18
	Carrying amount at beginning of the year	Carrying amount at beginning of the year
Asset Classification	2018/19	2017/18
Roads Infrastructure	588,988,289	588,988,289
Drainage Infrastructure	211,708,827	211,708,827
Footpaths Infrastructure	41,867,608	41,867,608
Parks Equipment	66,310,434	66,310,434
Landfill Infrastructure	20,791,876	20,791,876
Marina Infrastructure	42,553,383	42,553,383
Work in Progress	27,749,034	23,282,380
	793,402,189	755,666,096
	2018/19	2017/18
Carrying amount at beginning of the year	793,402,189	755,666,096
Capital Expenditure	17,436,276	17,436,276
Disposals & Write Offs	(16,200,304)	(16,200,304)
Revaluation Increments	2,042,497	2,042,497
Depreciation/Amortisation	(2,042,497)	(2,042,497)
Impairment/Reversals	-	-
Carrying amount at end of the year	802,638,658	786,904,568

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## City of Cockburn

## Financial Report

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

## 11. Rehabilitation Assets

	Actual 2018/19	Actual 2017/18 (Restated)#
	\$	\$
<b>NON CURRENT</b>		
Post closure rehabilitation assets	36,657,822	28,241,481
Less: Accumulated amortisation	(11,287,503)	(3,463,602)
	<b>25,370,319</b>	<b>24,777,879</b>

Movements in carrying amounts of post closure rehabilitation assets during the financial year are shown as follows.

	Actual 2018/19	Actual 2017/18 (Restated)#
	\$	\$
Opening balance at 1 July	24,777,879	26,019,998
Increase / (decrease) in provision resulting from the remeasurement of the estimated future cash flows	8,416,341	562,757
Amortisation	(7,823,901)	(1,804,876)
Closing Balance at 30 June	<b>25,370,319</b>	<b>24,777,879</b>

# Restated - Refer note 39

## 12a. Trade &amp; Other Payables

	Actual 2018/19	Actual 2017/18
	\$	\$
<b>CURRENT</b>		
Creditors	8,332,092	5,525,506
Accrued Expenses	365,150	2,748,371
Income Received in Advance	597,052	1,020,338
GST Payable	(13,095)	1,222,049
Sundry Deposits and Bonds	3,497,269	-
	<b>12,778,469</b>	<b>10,516,264</b>
<b>NON CURRENT</b>		
Sundry Deposits and Bonds	<b>2,441,341</b>	-

## 12b. Borrowings

	Actual 2018/19	Actual 2017/18 (Restated)#
	\$	\$
<b>CURRENT</b>		
Fixed Loan (Western Australian Treasury Corporation) - Secured by charge over General Funds (Personal Property Security Act)	2,500,000	2,500,000
Fixed Loan (SMRC)	2,270,060	1,500,000
	<b>4,770,060</b>	<b>4,000,000</b>
<b>NON CURRENT</b>		
Fixed Loan (Western Australian Treasury Corporation) - Secured by charge over General Funds (Personal Property Security Act)	15,000,000	17,500,000
Fixed Loan (SMRC)	4,163,523	6,253,809
	<b>19,163,523</b>	<b>23,753,809</b>

Additional detail on borrowings is provided in Note 22.

# Restated - Refer note 39



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**NOTES TO THE ACCOUNTS.**

**13. Provisions**

	Actual 2018/19 \$	Actual 2017/18 (Restated)# \$
<b>CURRENT EMPLOYEE BENEFITS RELATED PROVISIONS</b>		
Employees Annual Leave	2,941,209	2,967,798
Employees Long Service Leave	2,647,458	2,269,834
Employees On-Costs	1,539,401	1,493,314
	<b>7,128,068</b>	<b>6,730,946</b>
<b>NON-CURRENT EMPLOYEE BENEFITS RELATED PROVISIONS</b>		
Employees Long Service Leave	1,680,596	1,759,854
Employees On-Costs	251,124	262,967
	<b>1,931,719</b>	<b>2,022,821</b>
<b>CURRENT OTHER PROVISIONS</b>		
Provision for Site Rehabilitation	5,171,553	-
	<b>5,171,553</b>	<b>-</b>
<b>NON-CURRENT OTHER PROVISIONS</b>		
Provision for Site Rehabilitation	31,644,203	28,568,236
	<b>31,644,203</b>	<b>28,568,236</b>
<b>TOTAL PROVISIONS</b>	<b>45,875,543</b>	<b>37,322,003</b>
<b>ANALYSIS OF TOTAL PROVISIONS</b>		
Current	12,299,621	6,730,946
Non-Current	33,575,922	30,591,057
	<b>45,875,543</b>	<b>37,322,003</b>

# Restated - Refer note 39

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Provision for Site Rehabilitation # \$	Total # \$
Opening balance as at 30 June 2018	2,967,798	4,029,688	28,568,236	35,565,722
Provisions made	3,182,877	841,979	8,416,341	12,441,196
Amounts used	(3,209,465)	(543,613)	-	(3,753,078)
Unwinding of discount	-	-	(168,821)	(168,821)
Balance at 30 June 2019	<b>2,941,209</b>	<b>4,328,054</b>	<b>36,815,756</b>	<b>44,085,019</b>
	Provision for Annual Leave \$	Provision for Long Service Leave \$	Provision for Site Rehabilitation \$	Total \$
Opening balance as at 30 June 2017	4,144,905	4,400,947	27,849,697	36,395,550
Provisions made	1,823,874	318,420	562,757	2,705,051
Amounts used	(3,000,981)	(689,680)	-	(3,690,661)
Unwinding of discount	-	-	155,782	155,782
Balance at 30 June 2018	<b>2,967,798</b>	<b>4,029,688</b>	<b>28,568,236</b>	<b>35,565,722</b>

# Restated - Refer note 39

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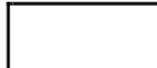
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City of Cockburn

## NOTES TO THE ACCOUNTS.

**14. Reserves**

	Actual 2018/19 \$	Budget 2018/19 \$	Actual 2017/18 \$
<b>1. Staff Payments &amp; Entitlements</b>			
Opening Balance	1,709,732	1,716,587	1,947,631
Transfer from Accumulated Surplus - Interest	34,373	47,023	35,725
Transfer from Accumulated Surplus	125,000	125,000	125,000
Transfer to Accumulated Surplus	(189,263)	(190,000)	(398,625)
	<b>1,679,842</b>	<b>1,698,610</b>	<b>1,709,732</b>
<b>2. Plant &amp; Vehicle Replacement</b>			
Opening Balance	9,354,672	8,872,723	7,371,172
Transfer from Accumulated Surplus - Interest	196,248	115,183	184,817
Transfer from Accumulated Surplus	3,313,043	3,350,000	3,661,516
Transfer to Accumulated Surplus	(1,847,759)	(3,458,000)	(1,862,834)
	<b>11,016,204</b>	<b>8,879,906</b>	<b>9,354,672</b>
<b>3. Information Technology</b>			
Opening Balance	206,565	175,763	290,055
Transfer from Accumulated Surplus - Interest	3,529	8,388	5,035
Transfer from Accumulated Surplus	200,000	200,000	100,000
Transfer to Accumulated Surplus	(107,375)	(108,744)	(188,525)
	<b>302,718</b>	<b>275,407</b>	<b>206,565</b>
<b>4. Major Building Refurbishment</b>			
Opening Balance	13,093,407	12,981,060	11,573,486
Transfer from Accumulated Surplus - Interest	284,811	147,574	259,922
Transfer from Accumulated Surplus	1,500,000	1,500,000	1,500,000
Transfer to Accumulated Surplus	-	(175,000)	(240,000)
	<b>14,878,218</b>	<b>14,453,634</b>	<b>13,093,407</b>
<b>5. Waste &amp; Recycling</b>			
Opening Balance	14,136,202	13,655,176	13,165,896
Transfer from Accumulated Surplus - Interest	305,589	363,713	268,858
Transfer from Accumulated Surplus	1,329,580	1,100,000	1,646,594
Transfer to Accumulated Surplus	(289,984)	(420,000)	(945,146)
	<b>15,481,387</b>	<b>14,698,889</b>	<b>14,136,202</b>
<b>6. Land Development and Investment Fund</b>			
Opening Balance	3,756,615	6,171,923	4,177,766
Transfer from Accumulated Surplus - Interest	132,184	256,447	83,436
Transfer from Accumulated Surplus	6,075,894	3,109,801	359,212
Transfer to Accumulated Surplus	(325,885)	(2,285,000)	(863,798)
	<b>9,638,807</b>	<b>7,253,171</b>	<b>3,756,615</b>
<b>7. Roads &amp; Drainage Infrastructure</b>			
Opening Balance	15,446,223	11,400,017	13,987,382
Transfer from Accumulated Surplus - Interest	288,766	81,300	309,299
Transfer from Accumulated Surplus	2,000,000	2,000,000	2,041,646
Transfer to Accumulated Surplus	(4,790,263)	(1,793,333)	(892,103)
	<b>12,944,727</b>	<b>11,687,984</b>	<b>15,446,223</b>



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## NOTES TO THE ACCOUNTS.

**14. Reserves**

	Actual 2018/19	Budget 2018/19	Actual 2017/18
	\$	\$	\$
<b>8. Naval Base Shacks</b>			
Opening Balance	1,078,013	1,080,657	1,077,675
Transfer from Accumulated Surplus - Interest	23,450	24,153	21,510
Transfer from Accumulated Surplus	30,635	30,635	75,363
Transfer to Accumulated Surplus	-	-	(96,534)
	<b>1,132,099</b>	<b>1,135,445</b>	<b>1,078,013</b>
<b>9. Community Infrastructure</b>			
Opening Balance	14,879,832	12,100,811	13,210,265
Transfer from Accumulated Surplus - Interest	310,398	127,034	314,659
Transfer from Accumulated Surplus	7,419,972	7,000,000	2,356,082
Transfer to Accumulated Surplus	(3,422,617)	(2,880,000)	(1,001,173)
	<b>19,187,585</b>	<b>16,347,845</b>	<b>14,879,832</b>
<b>10. Insurance</b>			
Opening Balance	1,262,819	1,262,579	328,198
Transfer from Accumulated Surplus - Interest	35,853	8,801	18,042
Transfer from Accumulated Surplus	550,000	550,000	925,580
Transfer to Accumulated Surplus	(42,162)	(75,000)	(9,000)
	<b>1,806,509</b>	<b>1,746,380</b>	<b>1,262,819</b>
<b>11. Greenhouse Action Fund</b>			
Opening Balance	420,432	549,857	349,919
Transfer from Accumulated Surplus - Interest	9,010	10,790	8,839
Transfer from Accumulated Surplus	200,000	200,000	200,000
Transfer to Accumulated Surplus	(56,550)	(60,000)	(138,325)
	<b>572,893</b>	<b>700,647</b>	<b>420,432</b>
<b>12. Aged and Disabled Asset Replacement</b>			
Opening Balance	191,003	204,821	223,193
Transfer from Accumulated Surplus - Interest	4,837	8,628	4,684
Transfer from Accumulated Surplus	176,280	-	-
Transfer to Accumulated Surplus	-	-	(36,874)
	<b>372,120</b>	<b>213,449</b>	<b>191,003</b>
<b>13. Welfare Projects Employee Entitlements</b>			
Opening Balance	708,130	470,433	459,203
Transfer from Accumulated Surplus - Interest	15,568	9,223	10,052
Transfer from Accumulated Surplus	383,976	-	252,888
Transfer to Accumulated Surplus	(63,091)	-	(14,012)
	<b>1,044,584</b>	<b>479,656</b>	<b>708,130</b>
<b>14. HWRP Post Closure Management &amp; Contaminated Sites</b>			
Opening Balance	2,324,206	2,325,143	2,359,654
Transfer from Accumulated Surplus - Interest	50,546	50,489	49,551
Transfer from Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus	(997)	(135,000)	(85,000)
	<b>2,373,754</b>	<b>2,240,632</b>	<b>2,324,206</b>

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## NOTES TO THE ACCOUNTS.

## 14. Reserves

	Actual 2018/19	Budget 2018/19	Actual 2017/18
	\$	\$	\$
<b>15. Municipal Elections</b>			
Opening Balance	79,037	78,175	155,198
Transfer from Accumulated Surplus - Interest	1,719	2,977	3,839
Transfer from Accumulated Surplus	-	-	120,000
Transfer to Accumulated Surplus	-	-	(200,000)
	<b>80,756</b>	<b>81,152</b>	<b>79,037</b>
<b>16. Welfare Redundancies</b>			
Opening Balance	42,634	42,545	41,748
Transfer from Accumulated Surplus - Interest	927	797	886
Transfer from Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus	-	-	-
	<b>43,561</b>	<b>43,342</b>	<b>42,634</b>
<b>17. Port Coogee Special Maintenance - SAR</b>			
Opening Balance	1,418,130	1,549,258	1,246,841
Transfer from Accumulated Surplus - Interest	33,852	28,417	31,633
Transfer from Accumulated Surplus	399,283	380,000	351,247
Transfer to Accumulated Surplus	(206,833)	(206,833)	(211,591)
	<b>1,644,432</b>	<b>1,750,842</b>	<b>1,418,130</b>
<b>18. Port Coogee Waterways - SAR</b>			
Opening Balance	92,022	97,587	112,477
Transfer from Accumulated Surplus - Interest	3,064	8,852	3,287
Transfer from Accumulated Surplus	49,151	70,000	56,000
Transfer to Accumulated Surplus	(50,000)	(50,000)	(79,742)
	<b>94,237</b>	<b>126,439</b>	<b>92,022</b>
<b>19. Community Surveillance</b>			
Opening Balance	903,958	647,470	1,097,742
Transfer from Accumulated Surplus - Interest	17,417	23,842	23,183
Transfer from Accumulated Surplus	200,000	200,000	200,000
Transfer to Accumulated Surplus	(343,004)	(237,700)	(416,967)
	<b>778,372</b>	<b>633,612</b>	<b>903,958</b>
<b>20. Waste Collection</b>			
Opening Balance	2,092,296	2,533,746	2,437,627
Transfer from Accumulated Surplus - Interest	44,709	66,093	46,756
Transfer from Accumulated Surplus	1,159,736	1,400,000	79,349
Transfer to Accumulated Surplus	(8,201)	-	(471,435)
	<b>3,288,540</b>	<b>3,999,839</b>	<b>2,092,296</b>
<b>21. Family Day Care Accumulation Fund</b>			
Opening Balance	30,675	8,482	8,482
Transfer from Accumulated Surplus - Interest	667	-	180
Transfer from Accumulated Surplus	-	-	44,025
Transfer to Accumulated Surplus	(20,000)	-	(22,012)
	<b>11,342</b>	<b>8,482</b>	<b>30,675</b>



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## NOTES TO THE ACCOUNTS.

## 14. Reserves

	Actual 2018/19	Budget 2018/19	Actual 2017/18
	\$	\$	\$
<b>22. Underground Power - Service Charge</b>			
Opening Balance		-	
Transfer from Accumulated Surplus - Interest	-	-	-
Transfer from Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus	-	-	-
	-	-	-
<b>23. Development Contribution Plan (DCP) - Community Infrastructure</b>			
Opening Balance	5,714,253	2,721,232	5,964,447
Transfer from Accumulated Surplus - Interest	165,413	231,370	184,299
Transfer from Accumulated Surplus	4,913,707	4,500,000	5,749,609
Transfer to Accumulated Surplus	(5,084,742)	(4,370,495)	(6,184,101)
	<b>5,708,631</b>	<b>3,082,107</b>	<b>5,714,253</b>
<b>24. Naval Base Shack Removal</b>			
Opening Balance	528,000	537,660	526,838
Transfer from Accumulated Surplus - Interest	11,486	10,822	11,162
Transfer from Accumulated Surplus	56,000	56,000	-
Transfer to Accumulated Surplus	-	-	(10,000)
	<b>595,485</b>	<b>604,482</b>	<b>528,000</b>
<b>25. Environmental Offset</b>			
Opening Balance	304,512	306,218	298,185
Transfer from Accumulated Surplus - Interest	6,624	8,033	6,327
Transfer from Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus	-	-	-
	<b>311,136</b>	<b>314,251</b>	<b>304,512</b>
<b>26. Bibra Lake Management Plan</b>			
Opening Balance	601,791	575,612	589,288
Transfer from Accumulated Surplus - Interest	12,990	11,324	12,503
Transfer from Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus	(35,190)	(100,000)	-
	<b>579,591</b>	<b>486,936</b>	<b>601,791</b>
<b>27. Restricted Grants &amp; Contributions</b>			
Opening Balance	4,532,938	497,056	3,585,466
Transfer from Accumulated Surplus - Interest	-	-	-
Transfer from Accumulated Surplus	6,465,335	-	4,025,329
Transfer to Accumulated Surplus	(4,372,789)	-	(3,077,858)
	<b>6,625,483</b>	<b>497,056</b>	<b>4,532,938</b>
<b>28. CIHCF Building Maintenance</b>			
Opening Balance	6,150,813	6,056,709	4,621,068
Transfer from Accumulated Surplus - Interest	145,790	5,641	109,672
Transfer from Accumulated Surplus	1,450,088	1,456,941	1,439,494
Transfer to Accumulated Surplus	-	-	(19,422)
	<b>7,746,691</b>	<b>7,519,291</b>	<b>6,150,813</b>



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## NOTES TO THE ACCOUNTS.

## 14. Reserves

	Actual 2018/19	Budget 2018/19	Actual 2017/18
	\$	\$	\$
<b>29. Cockburn ARC Building Maintenance</b>			
Opening Balance	2,010,608	2,053,573	500,000
Transfer from Accumulated Surplus - Interest	43,738	53,573	10,608
Transfer from Accumulated Surplus	-	-	1,500,000
Transfer to Accumulated Surplus	-	-	-
	<b>2,054,346</b>	<b>2,107,146</b>	<b>2,010,608</b>
<b>30. Carry Forward Projects</b>			
Opening Balance	3,618,392	1,823,924	3,974,994
Transfer from Accumulated Surplus - Interest	-	-	-
Transfer from Accumulated Surplus	9,557,112	-	5,419,903
Transfer to Accumulated Surplus	(7,242,854)	-	(5,776,505)
	<b>5,932,650</b>	<b>1,823,924</b>	<b>3,618,392</b>
<b>31. Port Coogee Marina Assets Replacement</b>			
Opening Balance	285,423	-	-
Transfer from Accumulated Surplus - Interest	6,209	-	423
Transfer from Accumulated Surplus	1,000,000	1,000,000	300,000
Transfer to Accumulated Surplus	-	-	(15,000)
	<b>1,291,632</b>	<b>1,000,000</b>	<b>285,423</b>
<b>32. Port Coogee Waterways - WEMP</b>			
Opening Balance	1,763,151	1,986,810	2,296,993
Transfer from Accumulated Surplus - Interest	35,147	43,009	47,424
Transfer from Accumulated Surplus	-	-	45,000
Transfer to Accumulated Surplus	(437,588)	(522,861)	(626,266)
	<b>1,360,710</b>	<b>1,506,958</b>	<b>1,763,151</b>
<b>33. Cockburn Coast SAR</b>			
Opening Balance	897	-	-
Transfer from Accumulated Surplus - Interest	180	-	1
Transfer from Accumulated Surplus	19,217	-	896
Transfer to Accumulated Surplus	(3,453)	-	-
	<b>16,840</b>	<b>-</b>	<b>897</b>
<b>34. Development Contribution Plans (DCP) - Various</b>			
Opening Balance	10,319,045	9,828,163	7,544,182
Transfer from Accumulated Surplus - Interest	245,662	137,034	192,100
Transfer from Accumulated Surplus	3,421,245	1,410,000	2,980,077
Transfer to Accumulated Surplus	(1,995,593)	(100,491)	(397,314)
	<b>11,990,360</b>	<b>11,274,706</b>	<b>10,319,045</b>



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## City of Cockburn

## NOTES TO THE ACCOUNTS.

**14. Reserves**

	Actual 2018/19	Budget 2018/19	Actual 2017/18
	\$	\$	\$
<b>SUMMARY FINANCIAL RESERVES</b>			
Opening Balance	119,056,427	104,311,770	105,523,070
Transfer from Accumulated Surplus - Interest	2,470,756	1,890,530	2,258,709
Transfer from Accumulated Surplus	51,995,253	29,638,377	35,554,811
Transfer to Accumulated Surplus	(30,936,193)	(17,168,457)	(24,280,163)
<b>TOTAL FINANCIAL RESERVES</b>	<b>142,586,243</b>	<b>118,672,220</b>	<b>119,056,427</b>
<b>RESERVES OTHER</b>			
<b>Asset Revaluation Reserve</b>			
Opening Balance	523,349,683	503,100,000	503,528,001
Revaluation net increments made during the year	21,290,331	-	19,821,682
<b>TOTAL RESERVES OTHER</b>	<b>544,640,014</b>	<b>503,100,000</b>	<b>523,349,683</b>
<b>TOTAL RESERVES</b>	<b>687,226,257</b>	<b>621,772,220</b>	<b>642,406,110</b>

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In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

**1. Staff Payments & Entitlements**

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.

*Anticipated date of use: ongoing.*

**2. Plant & Vehicle Replacement**

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.

*Anticipated date of use: ongoing.*

**3. Information Technology**

This Reserve is used to provide for the capital cost of upgrading/replacement of Council's computer hardware and software.

*Anticipated date of use: ongoing.*

**4. Major Building Refurbishment**

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.

*Anticipated date of use: ongoing.*

**5. Waste & Recycling**

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.

*Anticipated date of use: majority by the time the landfill closes in 2040.*

**6. Land Development and Investment Fund**

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.

*Anticipated date of use: ongoing.*

**7. Roads & Drainage Infrastructure**

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.

*Anticipated date of use: ongoing.*



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#### **8. Naval Base Shacks**

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.

*Anticipated date of use: ongoing.*

#### **9. Community Infrastructure**

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.

*Anticipated date of use: ongoing.*

#### **10. Insurance**

This Reserve is used to minimise and smooth annual budgetary impacts from the City's performance based insurance schemes, including deductibility levels.

*Anticipated date of use: ongoing.*

#### **11. Greenhouse Action Fund**

This Reserve will be used to purchase carbon offsets and fund projects to support energy efficiency, waste management and renewable energy installations.

*Anticipated date of use: ongoing.*

#### **12. Aged and Disabled Asset Replacement**

This Reserve is fully funded from the operating government grants received by the services and has no budgetary impact on Municipal funds.

*Anticipated date of use: ongoing.*

#### **13. Welfare Projects Employee Entitlements**

This Reserve is fully funded from the operating government grants received by the services and has no budgetary impact on Municipal funds.

*Anticipated date of use: ongoing.*

#### **14. HWRP Post Closure Management & Contaminated Sites**

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.

*Anticipated date of use: ongoing.*

#### **15. Municipal Elections**

This Reserve provides funding to cover election expenses during election years to smooth out annual budgetary impacts.

*Anticipated date of use: ongoing.*

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**16. Welfare Redundancies**

This Reserve was created for the purpose of covering potential future redundancy costs for grant funded services, as funding agreements do not usually allow for these costs.

*Anticipated date of use: ongoing.*

**17. Port Coogee Special Maintenance - SAR**

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.

*Anticipated date of use: ongoing.*

**18. Port Coogee Waterways - SAR**

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.

*Anticipated date of use: ongoing.*

**19. Community Surveillance**

This Reserve funds activities in relation to Community Surveillance.

*Anticipated date of use: ongoing.*

**20. Waste Collection**

This reserve provides funding for future capital requirements related to the Waste Collection service.

*Anticipated date of use: ongoing.*

**21. Family Day Care Accumulation Fund**

This Reserve is fully funded from the operating government grants received by the services and has no budgetary impact on Municipal funds.

*Anticipated date of use: ongoing.*

**22. Underground Power – Service Charge**

This Reserve is used for managing funds raised through prescribed service charges for the undergrounding of power within the district.

*Anticipated date of use: ongoing.*

**23. Naval Base Shack Removal**

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 site rehabilitated to its prior state.



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*Anticipated date of use: no certain date for rehabilitation.*

#### **24. Environmental Offset**

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.

*Anticipated date of use: ongoing.*

#### **25. Bibra Lake Management Plan**

This Reserve is used to manage funding to implement the Bibra Lake Management Plan as adopted by Council.

*Anticipated date of use: ongoing.*

#### **26. Restricted Grants & Contributions**

This Reserve is used to quarantine monies received for restricted purposes across financial years.

*Anticipated date of use: ongoing.*

#### **27. CIHCF Building Maintenance**

This Reserve is used to manage funding for major building maintenance of the Cockburn Integrated Health and Community Facility (CIHCF).

*Anticipated date of use: ongoing.*

#### **28. Cockburn ARC Building Maintenance**

This Reserve is used to manage funding for the major building maintenance of the Cockburn ARC recreation facility.

*Anticipated date of use: ongoing.*

#### **29. Carry Forward Projects**

This reserve is used to manage municipal funding for incomplete projects carried forward to the following financial year.

*Anticipated date of use: ongoing.*

#### **30. Port Coogee Marina Assets Replacement**

This Reserve provides for the replacement of marina infrastructure assets. Funding is provided from pen fees to reflect estimated depreciation costs.

*Anticipated date of use: ongoing.*

#### **31. Port Coogee Waterways - WEMP**

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.

*Anticipated date of use: ongoing.*

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**32. Cockburn Coast SAR**

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.

*Anticipated date of use: ongoing.*

**33. Development Contribution Plan (DCP) – Community Infrastructure**

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.

*Anticipated date of use: ongoing.*

**34. Development Contribution Plans (DCP) – Various**

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.

*Anticipated date of use: ongoing.*

**35. Public Open Space (POS) Cash in Lieu**

This Reserve is no longer used from 2017/18. All funds have been transferred to the City's trust account.



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## City of Cockburn

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## NOTES TO THE ACCOUNTS.

## 15. REVALUATION SURPLUS

	Actual 2018/19	Actual 2017/18
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
<b>Land</b>		
Opening Balance	107,394,794	107,394,794
Revaluation Increment/(Decrement)	-	-
	<b>107,394,794</b>	<b>107,394,794</b>
<b>Buildings</b>		
Opening Balance	22,861,653	22,861,653
Revaluation Increment/(Decrement)	-	-
	<b>22,861,653</b>	<b>22,861,653</b>
<b>Roads Infrastructure</b>		
Opening Balance	186,557,905	171,628,693
Revaluation Increment/(Decrement)	2,042,497	14,929,212
	<b>188,600,401</b>	<b>186,557,905</b>
<b>Drainage Infrastructure</b>		
Opening Balance	153,149,879	148,810,441
Revaluation Increment/(Decrement)	2,098,139	4,339,438
	<b>155,248,018</b>	<b>153,149,879</b>
<b>Landfill Infrastructure</b>		
Opening Balance	2,598,696	2,598,696
Revaluation Increment/(Decrement)	-	-
	<b>2,598,696</b>	<b>2,598,696</b>
<b>Footpath Infrastructure</b>		
Opening Balance	28,334,277	27,781,245
Revaluation Increment/(Decrement)	17,149,696	553,032
	<b>45,483,973</b>	<b>28,334,277</b>
<b>Parks Infrastructure</b>		
Opening Balance	22,452,479	22,452,479
Revaluation Increment/(Decrement)	-	-
	<b>22,452,479</b>	<b>22,452,479</b>
<b>TOTAL REVALUATION SURPLUS</b>	<b>544,640,014</b>	<b>523,349,683</b>
<b>SUMMARY OF REVALUATION SURPLUS</b>		
Opening Balance	523,349,683	503,528,001
Revaluation net increment/(decrement) made during the year	21,290,331	19,821,682
<b>TOTAL REVALUATION SURPLUS</b>	<b>544,640,014</b>	<b>523,349,683</b>



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NOTES TO THE ACCOUNTS			
<b>16. Notes to Statement of Cash Flows</b>			
	Actual 2018/19	Budget 2018/19	Actual 2017/18 (Restated)†
	\$	\$	\$
<b>16a</b>			
Reconciliation of Net Cash Provided by/(Used in) Operating Activities to Change in Net Assets Resulting from Operations.			
Net Result	31,619,515	21,409,668	24,417,217
<b>Add/(Less) non-cash items:</b>			
Depreciation	32,138,002	31,121,718	30,273,367
Amortisation	8,912,463	1,139,280	2,889,917
Provision for Site Rehabilitation	(168,821)	-	155,782
(Profit)/Loss on Sale of Assets	(1,816,479)	(1,759,728)	(284,526)
Decrease/(Increase) in Investment in Associate/Other	865,582	-	14,096,156
Recognition of Gifted Subdivision Assets	(9,439,171)	-	(12,168,364)
<b>Add/(Less) non-operating items:</b>			
Grants & Contributions for the Development of Assets	(21,181,686)	(16,043,695)	(20,190,018)
Recovery of Financial Investment	(830,780)	-	-
Assets Gifted to Other Parties	1,873,635	-	741,058
<b>Change in Assets and Liabilities:</b>			
(Increase)/Decrease in Rates Debtors & Deferred Rates	(351,889)	-	(60,178)
(Increase)/Decrease in Sundry Debtors	(2,622,285)	(0)	188,281
(Increase)/Decrease in SMRC Loan Liability Current	6,840		
(Increase)/Decrease in SMRC Loan Liability Non-Current	166,475		
(Increase)/Decrease in Stock on Hand	2,265	-	(13,818)
Increase/(Decrease) in Creditors & Accruals	(811,779)	398,311	712,446
(Increase)/Decrease in Rubbish Debtors	20,468	-	4,090
Increase/(Decrease) in Employee Provision	306,021	-	207,914
Increase/(Decrease) on Income Received in Advance	(423,286)	-	422,812
(Increase)/Decrease in Prepayments	95,041	-	629,332
<b>NET CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES</b>	<b>38,360,131</b>	<b>36,265,554</b>	<b>42,021,469</b>
† Restated - Refer note 39			
	Actual 2018/19	Budget 2018/19	Actual 2017/18 (Restated)†
	\$	\$	\$
<b>16b</b>			
Reconciliation of Cash			
For the purpose of the Statement of Cash Flows, the entity considers cash to include Cash on Hand and in Banks and investments in Money Market Instruments. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related item in the Statement of Financial Position as follows: -			
Cash at Bank	7,558,041	12,183,631	762,182
Cash on Hand	28,633	-	29,212
<b>Cash &amp; Cash Equivalents at end of Reporting Period</b>	<b>7,586,674</b>	<b>12,183,631</b>	<b>791,393</b>
† Restated - Refer note 39			
<b>16c</b>			
Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Credit Card limit	250,000		250,000
Credit Card Balance at Balance Date	(107,983)		(77,769)
<b>Total Amount of Credit Unused</b>	<b>142,017</b>		<b>172,231</b>



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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

**17. Investment in Associate - SMRC**

The City was a member of the Southern Metropolitan Regional Council (SMRC), a regional local government established in 1991 pursuant to the Local Government Act with membership currently consisting of five local governments. In May 2018, Council determined to withdraw from the SMRC establishment agreement, effective 30 June 2019 and gave 12 months' notice. Equity interests have been adjusted in 2018-19 in accordance with the establishment and project participant agreements and accounting standard requirements.

**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 has 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 12b). 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 becomes effective after 30 June 2019 (i.e. 1 July 2019). The City's withdrawal triggered a requirement under the project participant's agreement to prepare an amended business plan for the Project, having regard to the effect of the City's withdrawal. The amended business plan with a notional winding up of the project resulted in a net cost to the City of \$21,252 from the withdrawal. The City is reporting equity of \$675,004 in the office accommodation project as at 30 June 2019, being its share of the net assets immediately before the withdrawal takes effect. The City has also recognised a liability for its share of the related borrowings for which it had guaranteed (refer note 12b). Both this equity share and the related borrowings liability will be extinguished, once the withdrawal takes effect on 1 July 2019. This is in accordance with the project participant's agreement.

The City's withdrawal as a member of the SMRC under the establishment agreement (effective after 30 June 2019) requires the SMRC to (as soon as practicable) calculate the City's share of any surplus or deficit were the SMRC to be wound up. This is yet to occur and the City expects any surplus or deficit position will be immaterial. Accordingly, no equity share has been accounted for by the City in its remaining share of the SMRC as at 30 June 2019.

	2018/19 Actual \$	2017/18 Actual (Restated) <sup>#</sup> \$
<b>Statement of Comprehensive Income - SMRC</b>		
Revenues from Ordinary Activities	22,613,268	23,783,690
LESS: Expenses from Ordinary Activities	(28,104,725)	(29,135,978)
LESS: RRRC Revaluation Decrement	(3,065,800)	-
LESS: Borrowing Cost Expense	(653,913)	(752,577)
LESS: Make Good Provision	(85,769)	(87,526)
<b>Net Profit or (Loss)</b>	<b>(9,296,939)</b>	<b>(6,192,391)</b>
<b>Statement of Financial Position - SMRC</b>		
Current Assets	17,220,585	14,364,529
Non-Current Assets	27,574,771	42,681,696
<b>Total Assets</b>	<b>44,795,356</b>	<b>57,046,225</b>
Current Liabilities	8,364,122	9,326,121
Non-Current Liabilities	13,534,680	16,216,134
<b>Total Liabilities</b>	<b>21,898,802</b>	<b>25,542,255</b>
<b>Net Assets</b>	<b>22,896,554</b>	<b>31,503,970</b>
<i>The City's share in the net assets of the SMRC Equity Ratio</i>		
	675,004	1,556,989
<i>Represented by Share of SMRC's Financial Position:</i>		
Current Assets	96,077	927,780
Non-Current Assets	578,926	823,392
<b>Total Assets</b>	<b>675,004</b>	<b>1,751,172</b>
Current Liabilities	-	185,191
Non-Current Liabilities	-	8,992
<b>Total Liabilities</b>	<b>-</b>	<b>194,183</b>
<b>Net Assets</b>	<b>675,004</b>	<b>1,556,989</b>
<b>Net Increase/(Decrease) in Equity - SMRC</b>	<b>(881,985)</b>	<b>(14,096,082)</b>

<sup>#</sup> Restated - Refer note 39

## Item 10.1 Attachment 1

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

**18. Contingent Liabilities**

**(A) Claim for Injurious Affection - land at 870 North Lake Rd**

The owners of 870 North Lake Rd (Otago Pty Ltd) have made application to the State Administrative Tribunal (SAT) for an order, under s176(1) of the PD Act, claiming that their land is injuriously affected to the value of \$3,932,535 by the City's Local Planning Scheme No.3, including by operation of Development Area Structure Plan. The City disagrees and argues strongly that the land is not injuriously affected. Proceedings for determination of the application were stalled in SAT, awaiting the decision of the Court of Appeal on a similar matter (Scutti v City of Wanneroo). The Court of Appeal handed down its decision, which did not go in favour of the City of Wanneroo. However, the City's legal position is that the decision's application is very limited and not necessarily applicable to the Otago matter.

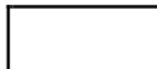
The matter is currently listed with SAT for a papers hearing on the 19th December 2019.

**(B) State Wide Cladding Audit – Cockburn Integrated Health and Community Building**

There is an ongoing State Wide Cladding Audit being conducted by the Department of Mines, Industry Regulation and Safety (DMIRS). A total of 7 buildings located in the City fell within the scope of the audit, including one owned by the City. The audit identified one Council owned building at 11 Wentworth Parade. Success required a more detailed risk assessment. The Risk assessment completed by DMIRS confirmed this building is considered a 'Moderate' risk, within a scale of Low, Moderate, High and Extreme.

The Fire Engineering and Building Surveying industry is currently experiencing insurance fade and policy exclusions in regard to professional indemnity insurance (PI), where certification of building cladding is involved. In some instances, a Fire Engineer may be able to confirm that remedial works to a building may reduce the fire risk to an acceptable level in their professional. The City has engaged the services of a Fire Engineer and a consultant Building Surveyor to review the matter and to ultimately certify compliance with the Building Code of Australia (BCA) after any required remedial work.

As at the date of this report, no assessment has been made to reliably estimate the amount of contingent liability that could possibly arise from the building cladding issue, however, management has noted this issue and discloses the possibility of this issue resulting in a future liability.



## City of Cockburn

## Financial Report

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

**19. Capital & Leasing Commitments****Capital Commitments**

At the reporting date, Council had the following commitments remaining for major purchases:

	2018/19	2017/18
	\$	\$
Contracted for:		
Capital expenditure projects	6,632,793	10,384,193
Plant & equipment purchases	1,938,529	78,282
	<b>8,571,322</b>	<b>10,462,475</b>

**Operating Leasing Commitments**

Non-cancellable operating leases contracted for but not capitalised in the financial report

	Actual 2018/19	Actual 2017/18
Payable:	\$	\$
Not later than 1 year	742,015	767,631
Later than 1 year but not later than 5 years	724,912	1,288,587
Later than 5 years	-	7,663
	<b>1,466,927</b>	<b>2,063,881</b>

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## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

## 20a. Assets Classified by Function

Total Assets Classified by Function and Activity

	Actual 2018/19	Actual 2017/18 (Restated)*
	\$	
General Purpose Funding	49,757,859	60,694,002
Governance	60,843,747	28,063,877
Law, Order and Public Safety	1,552,132	1,782,638
Health	795,944	1,870,783
Education and Welfare	3,428,956	3,124,572
Community Amenities	57,465,789	54,856,982
Recreation and Culture	130,208,468	136,340,506
Transport	663,349,765	645,257,471
Economic Services	1,959,656	1,853,249
Other Property and Services	366,348,792	339,520,322
<b>Total</b>	<b>1,335,711,109</b>	<b>1,273,364,402</b>

\* Restated - Refer note 39

## 20b. Disposal of Assets

	Net Book Value		Sale Price		Profit/Loss	
	Actual 2018/19	Budget 2018/19	Actual 2018/19	Budget 2018/19	Actual 2018/19	Budget 2018/19
<b>BY FUNCTION</b>						
Governance	-	-	-	-	-	-
Law, Order and Public Safety	-	-	-	-	-	-
Health	-	-	-	-	-	-
Education and Welfare	-	-	-	20,000	-	20,000
Community Amenities	-	-	-	-	-	-
Recreation and Culture	973,437	-	-	-	(973,437)	-
Transport	214,822	796,876	451,245	571,000	236,424	(224,876)
Economic Services	-	-	-	-	-	-
Other Property and Services	5,598,414	1,331,396	8,151,006	3,296,000	2,553,462	1,964,604
<b>Total</b>	<b>6,786,672</b>	<b>2,127,272</b>	<b>8,603,151</b>	<b>3,887,000</b>	<b>1,816,479</b>	<b>1,759,728</b>
<b>BY ASSET CLASSIFICATION</b>						
Land	5,108,529	680,000	7,640,691	2,850,000	2,532,162	2,170,000
Buildings	973,437	-	-	-	(973,437)	-
Infrastructure - Parks Equipment	-	-	-	-	-	-
Furniture and Equipment	-	-	-	-	-	-
Computers	-	-	-	-	-	-
Plant and Equipment	704,707	1,447,272	962,460	1,037,000	257,753	(410,272)
<b>Total</b>	<b>6,786,672</b>	<b>2,127,272</b>	<b>8,603,151</b>	<b>3,887,000</b>	<b>1,816,479</b>	<b>1,759,728</b>



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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT									
20c. Control Over Contributions									
Funding Bodies	Purpose	Function	Opening Balance (1) 1/07/17	Received (2) 2017/18	Expended (3) 2017/18	Closing Balance (1) 30/06/18	Received (2) 2018/19	Expended (3) 2018/19	Closing Balance 30/06/19
Alcoa Kwinana Refinery	Operating grant for delivering services	Recreation & Culture	10,000	-	-	10,000	-	8,372	1,628
Australian Sports Commission	Capital grant for building construction	Recreation & Culture	-	-	-	-	72,000	9,820	62,180
City of Armadale Contribution	Operating grant for delivering services	Transport	-	18,182	-	18,182	-	-	18,182
Community Sports and Recreation	Capital grant for park construction	Recreation & Culture	171,720	200,000	371,720	-	-	-	-
Department Child Protection	Operating grant for delivering services	Education & Welfare	79,121	-	-	79,121	-	-	79,121
Department Local Government and Communities	Operating grant for delivering services	Education & Welfare	40,469	349,839	351,920	38,388	352,273	372,440	18,222
Department of Child Protection	Operating grant for delivering services	Education & Welfare	46,408	129,457	126,621	49,243	-	1,205	48,038
Department Of Communities Child Protection and Family Support	Operating grant for delivering services	Education & Welfare	54,038	275,139	236,090	93,086	342,908	312,132	123,860
Department of Education and Training	Operating grant for delivering services	Education & Welfare	2,238	745,354	695,608	51,984	3,462,573	3,501,588	12,969
Department of Environment Regulation	Operating grant for delivering services	Community Amenities	-	449,930	391,480	58,450	-	58,518	1,932
Department of Health	Operating grant for delivering services	Education & Welfare	152,185	2,804,434	2,488,229	268,389	2,842,663	2,788,376	322,675
Department of Infrastructure and Regional Development	Capital grant for roads construction	Transport	1,961,436	3,754,058	3,714,532	2,000,962	4,055,719	3,635,977	2,120,704
Department of Local Government	Capital grant for park construction	Other Property & Services	-	160,000	-	160,000	-	67,184	92,816
Department of local government, sport and cultural industries	Capital grant for park construction	Other Property & Services	-	65,000	80,238	4,763	-	4,763	-
Department of Parks & Wildlife Community & Regional Parks	Operating grant for delivering services	Other Property & Services	100,000	-	6,535	93,465	-	34,185	59,280
Department of Sports and Recreation	Operating grant for delivering services	Recreation & Culture	-	250,619	182,903	67,716	33,304	28,520	72,491
Department of Transport	Operating grant for coastal and adaptation study	Other Property & Services	69,144	-	20,496	48,648	5,000	37,432	16,216
Developer Contribution - Terranovis pty Ltd	Developer contribution for park construction	Other Property & Services	-	162,883	-	162,883	-	162,883	-
Disability Services Commission	Operating grant for delivering services	Education & Welfare	107,662	651,002	484,452	294,212	241,329	303,038	232,503
Disability Services Commission	Developer contribution for building construction	Education & Welfare	-	-	-	-	-	-	-
Fremantle Ports	Operating grant for delivering services	Recreation & Culture	11,019	10,000	11,818	9,201	-	234	8,967
Government of Western Australia Mental Health Commission	Operating grant for delivering services	Education & Welfare	-	14,800	1,855	12,945	-	8,796	4,149
Hope Community Services	Operating grant for delivering services	Education & Welfare	-	111,614	96,593	15,021	111,614	98,368	28,267
Local Government Heritage Culture and the Arts	Capital grant for sign installation	Recreation & Culture	-	-	-	-	31,498	493	30,993
Main Roads WA	Capital grant for roads construction	Transport	542,197	1,580,108	1,498,338	653,966	3,689,762	1,401,757	2,941,971
Ngala and Parenting Research Centre	Operating grant for delivering services	Education & Welfare	1,471	13,200	8,617	8,054	10,560	10,707	7,908
Private contributions	Operating grant for delivering services	Other Property & Services	233,127	95,251	42,553	285,825	77,198	59,552	303,471
Public Transport Authority of WA	Capital grant for building construction	Transport	-	49,968	13,202	36,764	39,899	62,727	13,735
South Lake Otley Family and Community Centre	Operating grant for delivering services	Other Property & Services	-	54,580	51,892	2,688	-	2,688	-
State Emergency Management Committee	Operating grant for delivering services	Law, Order & Public Safety	1,323	59,000	53,250	7,073	-	5,750	1,323
State Natural Resource Management Office	Operating grant for delivering services	Other Property & Services	909	-	-	909	-	-	909
WA Local Government Association	Operating grant for delivering services	Transport	1,000	-	-	1,000	-	20	971
Grand Total			3,585,466	11,804,413	10,856,941	4,532,938	15,368,087	13,275,543	6,625,482
(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.									
(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.									
(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.									

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## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

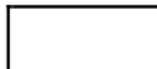
## 21. FINANCIAL RATIOS

	2019	2018 (Restated)≠	2017 (Restated)≠
Current Ratio	0.97	1.33	1.09
Asset Sustainability Ratio	0.46	0.74	1.44
Debt Service Cover Ratio	8.72	5.53	9.53
Operating Surplus Ratio	0.01	-0.05	0.08
Own Source Revenue Coverage Ratio	0.94	0.96	0.97
Asset Consumption Ratio	0.69	0.70	0.69
Asset Renewal Funding Ratio	0.75	0.71	0.73

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted current assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$
Own Source Revenue Ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$
Asset Consumption Ratio	$\frac{\text{depreciated replacement cost of depreciable assets}}{\text{current replacement cost of depreciated assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planned capital renewals over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

≠ Restated - Refer note 39



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22. Information on Borrowings

Loan Repayments

Particulars/Purpose	Principal 1 July 2018 * \$	Interest Rate	Maturity Date	Principal Repayments		Principal 30 June 2019		Interest Repayments	
				Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Recreation &amp; Culture</b>									
To assist fund the Cockburn Central West development	20,000,000	2.96%	27 June 2026	2,500,000	2,500,000	17,500,000	17,500,000	782,613	708,945
<b>Waste Management</b>									
Guarantee of borrowings for SMRC capital spend	7,753,809	various	30 June 2023	1,493,540		6,433,583 =		287,591	1,667,000
<b>Total</b>	<b>27,753,809</b>			<b>3,993,540</b>	<b>2,500,000</b>	<b>23,933,583</b>	<b>17,500,000</b>	<b>1,070,204</b>	<b>2,375,945</b>

= Includes population adjustment of \$173,314

Unspent Loans

There is no unspent loans as at 30 June 2019.

\* Restated - Refer note 39



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## 23a. Statement of Rating Information

	NON-MINIMUM					MINIMUMS					TOTALS			
	Qty	Rateable value \$	Rate in \$	Yield \$	Budget 2018-2019	Qty	Rateable Value \$	Amount \$	Yield \$	Budget 2018-2019	Qty	Rateable Value \$	Yield \$	Budget 2018-2019
2018/19														
GRV	2,617	338,038,588	0.0762900	28,495,041	28,413,383	208	1,830,516	771	160,388	160,388	2,825	339,890,102	28,825,409	28,573,721
Improved Commercial/Industrial	2	1,778,244	0.1047400	186,253	186,253	-	-	-	-	-	2	1,778,244	186,253	186,253
Improved Residential - Caravan Park	30,252	663,794,650	0.0745800	51,743,217	51,743,217	12,411	197,887,196	1,328	16,481,808	16,480,480	42,063	891,581,848	68,225,025	68,223,690
Improved Residential	1,447	39,509,350	0.0882500	3,486,700	3,486,700	1,446	9,585,073	741	1,071,489	1,071,489	2,893	49,094,423	4,558,186	4,558,186
Vacant	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UV														
Rural Vacant Land	53	71,274,000	0.0040500	288,860	288,860	1	13,000	940	940	940	54	71,287,000	288,860	288,288
Rural General	218	171,532,100	0.0028300	451,129	451,129	14	2,343,895	940	13,150	13,150	232	173,875,995	454,289	454,289
Ex Grata Rates (GRV)	1	47,607,756	-	3,731,909	3,783,597	-	-	-	-	-	1	47,607,756	3,731,909	3,783,597
Total Rates Levied	34,590	1,363,594,686	-	86,352,969	86,352,969	14,080	211,459,680	-	17,727,762	17,726,434	48,676	1,575,054,366	104,080,671	104,079,343
Interim Rates - GRV & UV	-	-	-	-	-	-	-	-	-	-	-	-	1,520,442	1,485,322
Interim Rates - Ex Grata	-	-	-	-	-	-	-	-	-	-	-	-	(72,738)	-
Rates Received in Advance	-	-	-	-	-	-	-	-	-	-	-	-	32,250	-
Residential Improved - Concessions	-	-	-	(1,909,310)	-	-	-	-	-	-	-	-	(1,909,310)	(1,804,005)
Total General Rates	34,590	1,363,594,686	-	84,443,599	86,352,969	14,080	211,459,680	-	17,727,762	17,726,434	48,676	1,575,054,366	103,651,315	103,700,000
2017/18														
GRV	2,588	380,978,080	0.0768300	29,270,823	29,270,823	208	1,831,016	757	157,456	157,456	2,794	382,810,096	29,428,079	29,428,079
Improved Commercial - Industrial	2	1,778,244	0.0997500	177,380	177,380	-	-	757	-	-	2	1,778,244	177,380	177,380
Improved Residential - Caravan Park	29,025	665,592,858	0.0731900	48,714,827	48,714,827	12,089	192,828,750	1,303	15,751,987	15,751,987	41,114	898,222,808	64,400,794	64,400,794
Improved Residential	1,560	43,328,010	0.0896000	3,752,206	3,752,206	1,529	10,408,060	753	1,151,337	1,151,337	3,109	53,734,870	4,903,543	4,903,543
Vacant	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UV														
Rural Vacant Land	52	70,854,000	0.0036800	281,203	281,203	2	184,000	922	1,844	1,844	54	70,838,000	283,047	283,047
Rural General	224	180,042,100	0.0025800	464,509	464,509	11	1,483,703	922	10,142	10,142	235	181,525,803	474,651	474,651
Total Rates Levied	33,469	1,342,375,292	-	82,660,748	82,660,748	13,839	206,334,189	-	17,072,746	17,072,746	47,368	1,548,709,481	99,733,454	99,733,454
Interim Rates - GRV & UV	-	-	-	-	-	-	-	-	-	-	-	-	1,715,445	1,684,400
Rates Received in Advance	-	-	-	-	-	-	-	-	-	-	-	-	(37,636)	-
Residential Improved - Concessions	-	-	-	(1,811,191)	-	-	-	-	-	-	-	-	(1,811,191)	(1,736,510)
Total General Rates	33,469	1,342,375,292	-	80,849,557	82,660,748	13,839	206,334,189	-	17,072,746	17,072,746	47,368	1,548,709,481	98,000,112	99,991,443
23b. Specified Area Rates														
	Rate in \$	Basis of Rate	Qty	Rateable Value \$	Yield \$	Interim Rate Revenue \$	Total Yield \$	Budget 2017- 2018 \$	Applied to Costs \$	Budget Applied to Costs \$				
2018/19														
Port Coogee Special Maintenance	0.012442	GRV	1,085	29,893,170	371,931	27,352	399,283	387,000	206,833	387,000				
Port Coogee Waterways	0.012442	GRV	54	3,838,080	46,698	153	49,150	49,500	50,000	49,500				
Cockburn Coast Maintenance	0.012442	GRV	51	1,098,570	13,295	5,921	19,218	13,500	3,453	9,872				
Specified Area Rates - Bibra Lake Sewer Stage 1	0.020204	GRV	26	3,467,736	70,062	(6,020)	64,036	-	64,036	-				
Total Specified Area Rates			1,226	38,367,556	504,286	27,399	537,685	450,000	324,322	446,372				
2017/18														
Port Coogee Special Maintenance	0.012221	GRV	807	28,161,700	316,434	39,481	355,915	274,000	358,915	208,342				
Port Coogee Waterways	0.012221	GRV	54	3,845,100	46,649	1,383	48,332	56,000	48,332	76,742				
Cockburn Coast Maintenance	0.012221	GRV	-	-	-	896	-	-	896	-				
Total Specified Area Rates			861	32,006,800	368,383	41,760	41,760	330,000	408,143	285,084				

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**24. Interest Charges, Administration Fees and Instalments**

	Interest	Admin	Actual	Actual
	Rate	Fee	2018/19	2017/18
	%	\$	\$	\$
Administration Fee		5.00	226,474	241,853
Penalty Interest - Rates	7.00		246,497	213,573
Penalty Interest - ESL	11.00		35,031	17,738
Instalment Interest	3.50	-	462,329	422,033
			<b>970,331</b>	<b>895,198</b>

**Payment by Instalments**

Council offered ratepayers the option of paying rates and charges by four instalments. The first instalment (inclusive of any arrears) had to be paid in full by the due date. Failure to pay the first instalment by the due date resulted in the forfeiture of the instalment payment option. Ratepayers had the following options for paying their rates:

**(a) Paid in full by 24 August 2018**

**(b) Pay in four instalments due:**

1. 24 August 2018
2. 26 October 2018
3. 4 January 2019
4. 8 March 2019

**(c) Weekly or fortnightly instalment direct debits commencing 14 August 2018 to 14 June 2019**

**Administration Fees**

The Rates Instalment Fee is \$5 per instalment.

**Special Payment Arrangements**

Ratepayers who were unable to pay their account in full or according to the instalment plans offered were able to make special payment arrangements to extinguish their debt. Penalty interest was applied at the rate of 7% to any outstanding balance.

**Instalment Interest**

The Local Government Act allows for interest to be charged on overdue amounts. The Council charged interest at the rate of 3.5% on outstanding rates for the year under review. This charge covered the opportunity cost of lost income on investment that would otherwise be received had the instalment options not been exercised. The maximum rate of interest allowed to be imposed on outstanding amounts under S6.45(4)(e) of the Local Government Act is 5.5%

**Penalty Interest - Rates**

Penalty interest was levied where payment in full or the first instalment was not received within thirty-five days of the issue of the rate notice. The rate charged was 7% on the daily balance. The maximum rate of interest allowed to be imposed on overdue rates and service charges under S6.51(1) of the Local Government Act is 11%.

**Penalty Interest - DFES**

The Minister for Emergency Services deemed the penalty interest rate for 2018/19 to be 11% on outstanding balances. Interest was levied where payment in full or the first instalment was not received within thirty-five days of the issue of the rate notice.

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## 25. GRANT REVENUE

	Actual 2018/19	Budget 2018/19	Actual 2017/18
	\$	\$	\$
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:			
<i>By Nature or Type:</i>			
Operating Grants, Subsidies and Contributions	12,786,397	12,233,842	12,800,692
Non-Operating Grants, Subsidies and Contributions	12,695,763	10,133,695	11,455,693
	<b>25,482,160</b>	<b>22,367,537</b>	<b>24,256,385</b>
<i>By Program:</i>			
General Purpose Funding	7,273,342	7,063,945	7,058,056
Governance	252,776	80,000	601,319
Law, Order & Public Safety	343,851	240,730	298,023
Recreation & Culture	6,479,171	6,354,658	10,995,485
Community Amenities	1,319,029	1,000,000	975,088
Transport	9,813,990	7,628,204	4,328,414
	<b>25,482,160</b>	<b>22,367,537</b>	<b>24,256,385</b>

## 26. Fees and Charges

	Actual 2018/19	Budget 2018/19	Actual 2017/18
	\$		\$
General Purpose Funding	507,894	438,800	444,674
Governance	254,425	14,800	11,830
Law Order & Public Safety	762,510	465,596	546,800
Health	346,700	287,500	307,069
Education & Welfare	1,671,911	1,652,846	1,576,171
Community Amenities	9,942,906	9,290,245	9,780,262
Recreation & Culture	11,818,095	11,815,703	11,472,294
Transport	324,921	240,000	223,806
Economic Services	1,865,053	1,975,301	1,813,712
Other Property & Services	3,023,773	2,807,822	2,524,127
	<b>30,518,189</b>	<b>28,988,612</b>	<b>28,700,746</b>

## 27. Number of Employees

	Actual 2018/19	Actual 2017/18
	No.	No.
Number of full-time equivalent (FTE) employees as at balance date:	511	478

## 28. Superannuation

	Actual 2018/19	Actual 2017/18
	\$	\$
Contributory	801,756	713,769
S.G. Occupational	4,941,859	4,681,399
	<b>5,743,616</b>	<b>5,395,169</b>



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## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

**29. Financial Risk Management**

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

Council 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.

	<u>Carrying Value</u>		<u>Est. Fair Value</u>	
	Actual	Actual (#)	Actual	Actual (#)
	2018/19	2017/18	2018/19	2017/18
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	7,586,674	791,393	7,586,674	791,393
Other Financial Assets	158,541,031	139,045,550	158,541,031	139,045,550
Receivables	12,438,587	9,198,213	12,438,587	9,198,213
	<u>178,566,292</u>	<u>149,035,156</u>	<u>178,566,292</u>	<u>149,035,156</u>
<b>Financial Liabilities</b>				
Borrowings	23,933,583	27,753,809	24,679,895	27,874,726
Payables	9,281,200	10,516,264	9,281,200	10,516,264
Sundry Deposits and Bonds	5,938,610	-	5,938,610	-
	<u>39,153,393</u>	<u>38,270,073</u>	<u>39,899,705</u>	<u>38,390,990</u>

\* Restated refer note 29

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings, other financial assets – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

**(a) Cash & Cash Equivalents and Other Financial Assets**

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers. Council has an investment policy and the policy is subject to review by Council.

The major risk associated with investments is price risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of issuers or factors affecting similar instruments traded in a market.

Cash and investments are subject to interest rate risk – the risk that movements in interest rates could affect returns.

Another risk associated with cash and investments is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council also seeks advice from an independent adviser before placing any cash and investments.

	Actual	Actual
	2018/19	2017/18
	\$	\$

Impact of a 1% movement in interest rates on cash

- Equity	86,048	17,495
- Statement of Comprehensive Income	86,048	17,495

**(b) Receivables**

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council 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 Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

Council makes suitable provision for expected credit loss in 2018 as required and carries out credit checks on most non-rate debtors.

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

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## 29. Financial Risk Management

## Ageing Analysis of Receivables

	Carrying Amount	Not Past due & not impaired	Up to 1 Month	Past Due But Not Impaired		
				1 - 3 Months	3 Months to 1 Year	More than 1 Year
	\$	\$	\$	\$	\$	\$
<b>2018/19</b>						
Expected Credit Loss		0.00%	0.00%	0.00%	0.00%	0.00%
Rates Receivables	3,461,214	-	-	-	2,443,058	1,018,156
Sundry Receivables	8,690,705	1,944,811	2,087,920	3,723,087	934,888	-
Loss Allowance	-	-	-	-	-	-
	<u>12,151,919</u>	<u>1,944,811</u>	<u>2,087,920</u>	<u>3,723,087</u>	<u>3,377,945</u>	<u>1,018,156</u>
<b>2017/18</b>						
Rates Receivables	3,129,793	-	-	-	2,171,668	958,125
Sundry Receivables	6,068,421	3,349,448	1,976,213	271,826	470,933	-
Loss Allowance	-	-	-	-	-	-
	<u>9,198,213</u>	<u>3,349,448</u>	<u>1,976,213</u>	<u>271,826</u>	<u>2,642,601</u>	<u>958,125</u>

## (c) Payables &amp; 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. Council The contractual undiscounted cash flows of the City's Payables and Borrowings are set out in the Liquidity Table below:

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2018/19</b>					
Borrowings	5,721,810	17,101,952	5,708,500	28,532,262	23,933,583
Payables	9,281,200	-	-	9,281,200	9,281,200
Sundry Deposits and Bonds	5,938,610	-	-	5,938,610	5,938,610
	<u>20,941,620</u>	<u>17,101,952</u>	<u>5,708,500</u>	<u>43,752,071</u>	<u>39,153,393</u>
<b>2017/18</b>					
Borrowings	5,234,881	19,757,060	8,399,250	33,391,191	27,753,809
Payables	10,516,264	-	-	10,516,264	10,516,264
Sundry Deposits and Bonds	-	-	-	0	0
	<u>15,751,145</u>	<u>19,757,060</u>	<u>8,399,250</u>	<u>43,907,455</u>	<u>38,270,073</u>

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

## (d) Liquidity Risk and Interest Rate Risk Exposure

The following table summarises the liquidity risk and interest rate risk for the City, together with the effective interest rates as at 30th June 2019.

	Weighted Average Effective Interest Rate %	Interest Rate Exposure				Nominal Amount
		Carrying Amount	Fixed Interest Rate	Variable Interest Rate	Non-Interest Bearing	
		\$	\$	\$	\$	\$
<b>2018/19</b>						
<b>Financial Assets</b>						
Cash & Cash Equivalents	1.00	7,586,674	-	7,586,674	-	7,586,674
Other Financial Assets	2.68	158,541,031	158,400,894	-	140,137	158,541,031
Receivables	2.26	12,151,919	-	1,018,156	11,133,763	12,151,919
<b>Total</b>		<u>178,279,624</u>	<u>158,400,894</u>	<u>8,604,830</u>	<u>11,273,900</u>	<u>178,279,624</u>
<b>Financial Liabilities</b>						
Borrowings	3.68	23,933,583	23,933,583	-	-	24,679,895
Accounts Payable	-	9,281,200	-	-	9,281,200	9,281,200
Deposits/Bonds	1.25	5,938,610	-	-	-	-
<b>Total</b>		<u>33,214,783</u>	<u>23,933,583</u>	<u>-</u>	<u>9,281,200</u>	<u>33,961,095</u>

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## 29. Financial Risk Management

2018/19	Maturity Dates				
	Carrying Amount	Up to 1 month	1 - 3 Months	3 Months to 1 Year	More than 1 Year
	\$	\$	\$	\$	\$
<b>Financial Assets</b>					
Cash & Cash Equivalents	7,586,674	7,586,674	-	-	-
Other Financial Assets	158,541,031	32,975,902	32,866,238	91,557,860	1,141,031
Receivables	12,151,919	4,032,730	3,723,087	3,377,945	1,018,156
<b>Total</b>	<b>178,279,624</b>	<b>44,595,307</b>	<b>36,589,325</b>	<b>94,935,805</b>	<b>2,159,187</b>
<b>Financial Liabilities</b>					
Borrowings	23,933,583	-	-	3,320,561	20,613,023
Accounts Payable	9,281,200	1,668,351	7,028,343	549	597,052
Deposits/Bonds	5,938,610	-	-	-	-
<b>Total</b>	<b>39,153,393</b>	<b>1,668,351</b>	<b>7,028,343</b>	<b>3,321,109</b>	<b>21,210,075</b>

The following table provides comparatives as at 30<sup>th</sup> June 2018:

2017/18	Interest Rate Exposure				
	Weighted Average Effective Interest Rate %	Carrying Amount \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non-Interest Bearing \$
<b>Financial Assets</b>					
Cash & Cash Equivalents #	1.25	791,393	-	791,393	-
Other Financial Assets	2.70	139,045,550	138,921,816	-	123,734
Receivables	2.72	9,198,213	-	958,125	8,240,088
<b>Total</b>		<b>149,035,156</b>	<b>138,921,816</b>	<b>1,749,518</b>	<b>8,363,822</b>
<b>Financial Liabilities</b>					
Borrowings	3.69	27,753,809	27,753,809	-	-
Accounts Payable	-	10,516,264	-	-	10,516,264
Deposits/Bonds	1.50	-	-	-	-
<b>Total</b>		<b>38,270,073</b>	<b>27,753,809</b>	<b>-</b>	<b>10,516,264</b>

# Restated refer note 39

2017/18	Maturity Dates				
	Carrying Amount	Up to 1 month	1 - 3 Months	3 Months to 1 Year	More than 1 Year
	\$	\$	\$	\$	\$
<b>Financial Assets</b>					
Cash & Cash Equivalents #	791,393	791,393	0	0	-
Other Financial Assets	139,045,550	13,475,902	32,866,238	91,557,860	1,145,550
Receivables	9,198,213	5,325,661	271,826	2,642,601	958,125
<b>Total</b>	<b>149,035,156</b>	<b>19,592,956</b>	<b>33,138,064</b>	<b>94,200,461</b>	<b>2,103,675</b>
<b>Financial Liabilities</b>					
Borrowings	27,753,809	-	-	4,807,261	22,946,548
Accounts Payable	10,516,264	6,314,389	1,611,202	991,659	376,965
Deposits/Bonds	-	-	-	-	-
<b>Total</b>	<b>38,270,073</b>	<b>6,314,389</b>	<b>1,611,202</b>	<b>5,798,920</b>	<b>23,323,513</b>

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**30. Elected Members Remuneration**

	Actual 2018/19	Budget 2018/19	Actual 2017/18
	\$	\$	\$
The following fees, expenses and allowances were paid to councillors and the mayor:			
Meeting Fees	329,322	329,318	320,437
Vehicle Mileage Claims	4,985	10,000	8,106
Mayoral/Deputy Mayoral Allowances	111,115	111,080	111,115
Communication Expenses	41,190	35,000	42,129
	<u>486,613</u>	<u>485,398</u>	<u>481,787</u>

**31. Economic Dependency**

A significant portion of Council's revenue is received by way of grants from the State and Federal Government.

	Actual 2018/19	Budget 2018/19	Actual 2017/18
	\$	\$	\$
The total of grant revenue from Government sources	25,482,160	22,367,537	24,256,385

**32. Events after the Reporting Date**

There were no events identified after the reporting period that would materially impact the financial report.

**33. Major Land Transactions**

The City did not participate in any major land transactions during the 2018/19 financial year.

**34. Trading Undertakings and Major Trading Undertakings**

The City did not participate in any trading undertakings or major trading undertakings during the 2018/19 financial year.

**35. Trust Funds**

Funds totalling \$5,865,908 previously held in trust bank account have been transferred to the Municipal bank account and included in the funds shown as Restricted Cash/Financial Assets at Note 3.

	Opening Balance 1 July 2018	Amounts Received	Amounts Paid	Reclassified to Restricted Funds	Closing Balance 30 June 2019
	\$	\$	\$		\$
Bonds and Deposits	5,834,444	31,464	-	(5,865,908)	-
Public Open Space	6,004,913	1,399,815	(1,117,986)		6,286,742
	<u>11,839,357</u>	<u>1,431,279</u>	<u>(1,117,986)</u>	<u>(5,865,908)</u>	<u>6,286,742</u>



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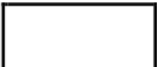
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

**Note 36 – Fair Value Measurement**

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

- Land and Buildings
- Plant & Machinery
- Computer Equipment
- Furniture and Equipment
- Roads
- Footpaths
- Drainage
- Landfill Infrastructure
- Parks Equipment
- Marina Infrastructure
- Financial Assets at Fair Value

The following table provides the fair values of the City of Cockburn's assets measured and recognized on a recurring basis after initial recognition and their categorization within the fair value hierarchy:





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*Recurring Fair Value Measurements*

Non-Financial Assets – 2018/19	Note	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Land	9(b)	-	82,952,040	-	82,952,040
Buildings	9(b)	-	-	222,393,754	222,393,754
Furniture and Equipment	9(b)	-	-	1,634,608	1,634,608
Computer Equipment	9(b)	-	-	4,039,032	4,039,032
Plant & Machinery	9(b)	-	13,523,749	-	13,523,749
Roads	10(b)	-	-	378,793,868	378,793,868
Footpaths	10(b)	-	-	59,385,201	59,385,201
Drainage	10(b)	-	-	214,668,325	214,668,325
Landfill Infrastructure	10(b)	-	-	19,794,526	19,794,526
Parks Equipment	10(b)	-	-	53,545,951	53,545,951
Marina Infrastructure	10(b)	-	-	41,465,585	41,465,585
<b>Total</b>			<b>- 96,475,789</b>	<b>995,720,850</b>	<b>1,092,196,639</b>
Financial Assets – 2018/19	Note	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Financial Assets at FVTPL	4(a)	-	-	140,137	140,137
<b>Total</b>			<b>-</b>	<b>140,137</b>	<b>140,137</b>
Non-Financial Assets – 2017/18	Note	Level 1 (\$)	Level 2 (\$)	Level 3 *	Total (\$)
Land	9(b)	-	84,111,627	-	84,111,627
Buildings	9(b)	-	-	215,120,020	215,120,020
Furniture and Equipment	9(b)	-	-	2,147,807	2,147,807
Computer Equipment	9(b)	-	-	4,153,841	4,153,841
Plant & Machinery	9(b)	-	14,873,074	-	14,873,074
Non-Financial Assets – 2017/18	Note	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Roads	10(b)	-	-	366,263,283	366,263,283
Footpaths	10(b)	-	-	41,867,605	41,867,605
Drainage	10(b)	-	-	211,708,027	211,708,027
Landfill Infrastructure	10(b)	-	-	20,791,575	20,791,575
Parks Equipment	10(b)	-	-	55,310,434	55,310,434
Marina Infrastructure	10(b)	-	-	42,442,793	42,442,793
<b>Total</b>			<b>- 98,984,701</b>	<b>959,805,385</b>	<b>1,058,790,086</b>
Financial Assets – 2017/18	Note	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Financial Assets Available for Sale	4(a)	-	-	123,734	123,734
<b>Total</b>			<b>-</b>	<b>123,734</b>	<b>123,734</b>

\* Restated - Refer to Note 39



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**36 (a). Transfers Policy**

The policy of the City of Cockburn is to recognise transfers into and transfers out of the fair value hierarchy levels as at the end of the reporting period. There was no transfer between Level 1, 2, and 3 during the current and previous years.

**36 (b). Highest and Best Use**

All assets have been valued at their highest and best use, that being their current use.

**36 (c). Valuation techniques used to derive fair values:**

The fair values of financial and non-financial assets that are not traded in an active market are determined using valuation techniques. These valuation techniques maximise the use of observable data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in level 2. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council specialised buildings assets, which are of a specialist nature and where there is no active market for the assets.

The following table summarises the valuation inputs and techniques used to determine the fair value for each asset class.

Asset	Level of Valuation Input	Fair Value at 30 June 2019 (\$)	Valuation Technique(s)	Inputs Used
Land	2	82,952,040	Market Approach	Price per square metre
Buildings	3	222,393,754	Market Approach Cost Approach Using Current Replacement Cost	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.
Furniture & Equipment	3	1,634,608	Cost Approach Using Current Replacement Cost	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
Computers & Equipment	3	4,039,032	Cost Approach Using Current Replacement Cost	Make, size, year of manufacture and condition
Plant & Machinery	2	13,523,749	Market Approach	Make, size, year of manufacture and condition
Financial Assets at FVTPL	3	123,734	Market Approach	The proportion of net assets from WALGA's balance sheet over the number of units held by the City.

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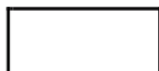
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Asset	Level of Valuation Input	Fair Value at 30 June 2019 (\$)	Valuation Technique(s)	Inputs Used
Roads	3	378,793,868	Cost Approach Using Current Replacement Cost	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount
Footpaths	3	59,385,201	Cost Approach Using Current Replacement Cost	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
Drainage	3	214,668,325	Cost Approach Using Current Replacement Cost	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
Landfill	3	19,794,526	Cost Approach Using Current Replacement Cost	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
Parks Equipment	3	53,545,951	Cost Approach Using Current Replacement Cost	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
Port Coogee Marina Infrastructure	3	41,465,585	Market Approach Cost Approach Using Current Replacement Cost	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
<b>Total</b>		<b>1,092,196,639</b>		

***Recurring Fair Value Measurements***

The City's Infrastructure assets were revalued as at 30 June 2019 by Management Valuation. These were valued on the basis that the entity intended to retain these assets for



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a continuous use for the purposes of the enterprise and for the foreseeable future. The management had regard to assessing the value of the assets in their existing use and ensuring the highest and best use, noting that the current use of an asset is presumed to be its highest and best use unless market or other factors suggest a different use would maximise its value.

The following methods were used to determine the fair value measurements.

#### Land

Where there is an active and liquid market as evidenced by sales transactions of similar property types, a Market Approach by way of Direct Comparison or Income methods can be utilised, and are accepted valuation methodologies under AASB13. If a Market Approach is adopted, the valuation is deemed to be a Level 2 input.

Direct Comparison method which is considered a Level 2 input on the Fair Value Hierarchy, involves the analysis of sales evidence and comparisons with the subject land taking into account matters such as area, location and other general site characteristics. We note the Direct Comparison approach has been utilised in our assessment for all Land Assets, however the fair value measurement has been either a Level 2 or 3, depending on assumptions as to:

- Whether the land is subject to restrictions as to use and/or sale;
- Whether there is no active market.

If these assumptions apply to the land, we have measured the expected Fair Value as a Level 3. However if an active market could be established and there were no unreasonable restrictions as to use and/or sale, we have deemed the measurement to be a Level 2. Land carrying a Community or Park Recreation zoning, land that is utilised for Community uses (and not zoned 'Community'), access strips, or due to its general characteristics land that has no observable active market, have been assessed as a Level 3.

The valuation techniques used to measure fair value maximised the use of observable data where it was available and relied as little as possible on entity specifics. The disclosure of valuation estimates is designed to provide users with an insight into the judgements that have been made in the determination of fair values.

For assets valued under Level 3, the unobservable input is the rate per square metre applied to the asset.

#### Buildings

Where there is an active and liquid market as evidenced by sales transactions of similar property types, the Market Approach by Direct Comparison, Income or Summation methods can be utilised, and is an accepted valuation methodology under AASB13. If a Market Approach is adopted, the building valuation is deemed to be a Level 2 input.

Direct Comparison and Summation methods involve the analysis of sales evidence and comparisons with the subject taking into account matters such as method of construction, size, condition, age, land area and location. The land value is subtracted from the Market Value of the property to measure the asset Fair Value.

The Income approach is applied to income producing properties and includes the capitalisation of net income method, or for multi-income stream assets, a discounted cash flow approach. The capitalisation method involves capitalising the estimated net income of

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the property at an appropriate capitalisation rate (net yield) that has been determined through the analysis of sales evidence.

Due to the predominantly specialised nature of Local Government Assets, most of the buildings valuations have been undertaken on a Cost Approach (Depreciated Replacement Cost) valuation, an accepted valuation methodology under AASB13. The cost approach is deemed a Level 3 Input. Under this approach, the following process has been adopted:

- Where there is no depth of market as determined for the Council assets, the net current value of an asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. Published/available market data for recent projects, and/or published cost guides are utilised to determine the estimated replacement cost (gross value) of the asset, including allowances for preliminaries and professional fees. This is considered a Level 2 input.
- A condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted by the Valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied. The conditions assessed are considered a Level 3 input.
- In determining the level of accumulated depreciation, in some instances residual values have been factored into the calculations, which is the value at the time the asset, is considered to be no longer available. The residual values applied are considered a Level 3 input.

While the replacement cost of the assets could be supported by market supplied evidence (level 2), the other unobservable inputs (such as estimates of residual value, useful life, and asset condition) were also required (level 3).

**Landfill Infrastructure**

Where there is an active and liquid market as evidenced by sales transactions of similar property types, the Market Approach by Direct Comparison, Income or Summation methods can be utilised, and is an accepted valuation methodology under AASB13. If a Market Approach is adopted, the asset valuation is deemed to be a Level 2 input.

The Fair Value should represent the highest and best use of the asset, i.e. the use of the asset that is physically possible, legally permissible, financially feasible, and which results in the highest value. Opportunities that are not available to the agency or entity are not considered. In this case we have assumed the current use is the highest and best use due to the specialist nature of the assets.

Due to the predominantly specialised nature of Local Government Assets, the landfill valuations have been undertaken on a Cost Approach (Depreciated Replacement Cost), an accepted valuation methodology under AASB13. The cost approach is deemed a Level 3 Input. Under this approach, the following process has been adopted:

- Where there is no depth of market as determined for the Council assets, the net current value of an asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. Published/available market data for recent projects, and/or published cost guides are utilised to determine the estimated replacement cost (gross value) of the asset, including allowances for preliminaries and professional fees. This is considered a Level 2 input.
- A condition assessment is applied, which is based on factors such as the age of the asset, overall condition, and economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied. The conditions assessed are considered a Level 3 input.



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- In determining the level of accumulated depreciation for major assets, we have disaggregated into significant components which exhibit different patterns of consumption (useful lives). Residual value is also factored which is the value at the time the asset is considered to be no longer available. The condition assessment is applied on a component basis.
- While the replacement cost of the assets could be supported by market supplied evidence (level 2), the other unobservable inputs (such as estimates of residual value, useful life, and asset condition) were also required (level 3).

The valuation techniques used in the determination of fair values maximise the use of observable data where it is available and relies as little as possible on entity specifics.

The landfill infrastructure assets were segregated into Storage, Monitoring, Water Supply, Fixed Plant, Plant & Equipment and Site works; Water supply and Site works assets were further componentized. Unit rates and lump sums were applied based on similar recent project costs, unit rate databases, indices, Rawlinson's Construction Handbook and quotations, these rates were reviewed by council staff. Raw Costs were increased up to 27% depending on project complexity to allow for project overheads including survey, environmental and investigation costs, engineering design, planning and project management.

A site inspection was carried out as part of the valuation process. However none of the sub-surface assets were inspected due to their inaccessible nature.

#### **Plant & Machinery, Computer Equipment and Furniture & Equipment**

These classes of assets were revalued in June 2016 through a management review in order to comply with the mandatory requirements of Reg. 17A of the Local Government (Financial Management) Regulations. The additions since that time are shown at cost and given their level of currency, it is deemed the written down values approximate fair values.

Plant and Machinery assets are generally valued using the market approach using comparable sales and relevant industry market price reference guides, and have been classified as being valued at Level 2 of the fair value hierarchy. The most significant inputs into this valuation approach are the make, size, year of manufacture and condition.

Level 3 valuation inputs were used to determine the fair value of the City's furniture and equipment. The valuation methodology was determined having regard to the lack of a market and sales evidence, and the level of specialisation of the assets.

#### **Financial Assets at FVTPL**

This class of asset is the Local Government House Trust that the City holds. There are 620 units in total managed by WALGA and the City holds 8 of them. The value of these units is based on the net assets stated on the WALGA's balance sheet. At the end of each financial year, WALGA representative advises the value of the 8 units the City holds.

#### **Infrastructure Assets (Roads, Footpaths, Drainage, Signs, and Lighting & Fences)**

In accordance with AASB13 and legislative requirements, the City carried out internal management revaluations of its Roads, Footpaths, Drainage, Signs, and Lighting & Fences infrastructure assets as at 30 June 2019. These valuations were completed using the Cost Approach (Depreciated Replacement Cost), an accepted valuation methodology under AASB13. The cost approach is deemed a Level 3 Input.

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The valuations were coordinated, developed and prepared in-house and formed by establishing unit rates for infrastructure replacement that consider labour, overhead costs and materials.

The unit rates are agreed by reviewing multiple sources as outlined below:

- Current contract rates from the City of Cockburn's contract management system.
- Internal knowledge from key operational stakeholders.
- Current charge out rates for internal labour activities.
- Rawlinson Construction workbook 2014.

The Condition profile of the City's infrastructure assets is measured using a 1 to 5 rating. This rating affects the remaining life of the asset and has been considered in preparing the valuations.

Road surface and footpath data is considered to have an accuracy level of 95% and all roads and footpaths have been segmented from intersection to intersection. The data recorded against each section includes surface area, surface type, date of construction and condition. The City undertook a full road surface and footpath condition assessment audit with Opus during late 2016.

Data is held for all storm water drainage assets including pits, pipes and sumps, and the pit type, pipe material and length and sump size and material. Where the construction year is unknown, this was assumed to be the same year as the road construction date. The data held for the storm water infrastructure is considered to have 85% accuracy. To improve this accuracy level and to validate the City's database an audit of the City's pits and pipes storm water assets was commissioned in 2013 and was completed within two years. A condition assessment audit of the entire sump fencing was undertaken in 2012 by the Asset Services team, which also clarified any uncertainty of the material types. Sump fencing was included in the revaluation of Fences.

**Marina Infrastructure & Parks Equipment.**

The Marina Infrastructure was revalued by AssetVal in 2016. The Infrastructure asset is due to be revalued along with Landfill Infrastructure, Land and Building revaluation in 2019/20.

The City will perform a formal Audit on all Parks Hard Equipment in 2019/20.

**36 (d) Disclosed Fair Value Measurements**

The following assets and liabilities are not measured at fair value in the statement of financial position, but their fair values are disclosed in the notes:

- Borrowings

The following table provides the level of fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique(s) and inputs used:





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Description	Note	Fair Value Hierarchy Level	Valuation Technique(s)	Inputs Used
<b>Liabilities</b>				
Borrowings	12(b)	2	Income approach using discounted cash flow methodology	Current commercial borrowing rates for similar instruments

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the notes to the financial statements.



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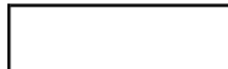
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## 36 (e) Fair Value measurement using significant unobservable inputs (Level 3)

	Furniture Equipment	Computer Equipment	Financial Assets at FVTPL	Buildings	Infrastructure  Roads, Drainage & Footpath	Parks Equipment	Landfill	Marina *
<b>2018/19</b>								
Fair Value at start of period	2,147,807	4,153,841	123,734	215,120,020	619,838,915	55,310,434	20,791,575	42,442,793
Additions/Adjustment	59,434	1,100,125	16,403	14,565,065	27,225,099	2,737,097	91,513	-
Revaluation Increments/(decrements) recognised in Profit or Loss	-	-	-	-	-	-	-	-
Revaluation Increments/(decrements) recognised in Other Comprehensive Income	-	-	-	-	21,290,331	-	-	-
Disposals	(204,680)	-	-	(973,438)	-	-	-	-
Depreciation Expense	(367,953)	(1,214,936)	-	(6,317,893)	(15,506,950)	(4,501,580)	(1,088,562)	(977,208)
<b>Fair Value at the end of period</b>	<b>1,634,608</b>	<b>4,039,032</b>	<b>140,137</b>	<b>222,393,754</b>	<b>652,847,394</b>	<b>53,545,951</b>	<b>19,794,526</b>	<b>41,465,585</b>
Total Gains or losses for the period included in profit or loss, under 'other Gains'	-	-	-	-	-	-	-	-

\*Restated Refer to Note 39



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	Furniture Equipment	Computer Equipment	Financial Assets Available for Sale	Buildings	Infrastructure  Roads, Drainage & Footpath	Parks Equipment	Landfill	Marina *
<b>2017/18</b>								
Fair Value at start of period	1,870,689	598,759	123,808	217,312,860	596,871,082	46,204,658	21,769,438	48,188,933
Additions/Adjustment	638,150	4,537,689	(74)	3,985,125	18,117,756	12,877,928	107,177	-
Revaluation Increments/(decrements) recognised in Profit or Loss	-	-	-	-	-	-	-	(4,768,932)
Revaluation Increments/(decrements) recognised in Other Comprehensive Income	-	-	-	-	19,821,682	-	-	-
Transfer from/(to) Level 2	-	-	-	-	-	-	-	-
Disposals	-	-	-	(190,289)	-	-	-	-
Depreciation Expense	(361,032)	(982,607)	-	(5,987,676)	(14,971,605)	(3,772,152)	(1,085,041)	(977,208)
<b>Fair Value at the end of period</b>	<b>2,147,807</b>	<b>4,153,841</b>	<b>123,734</b>	<b>215,120,020</b>	<b>619,838,915</b>	<b>55,310,434</b>	<b>20,791,575</b>	<b>42,442,793</b>
Total Gains or losses for the period included in profit or loss, under 'other Gains'	-	-	-	-	-	-	-	-

\*Restated – Refer note 39

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**37. Related Party Transaction****Key Management Personnel (KMP) Compensation****Disclosure**

	Actual 2018/19	Actual 2017/18
The total remuneration for KMP of the City during the year are as follows:		
Short-term employee benefits	1,314,040	1,314,040
Post-employment benefits	112,078	112,078
Other long-term benefits	421,862	327,429
	<b>1,847,980</b>	<b>1,753,547</b>

**Short-Term Employee Benefits**

These amounts include all salary, fringe benefits and cash bonuses awarded to KMP except for details in respect of fees and benefits paid to elected members may be found at note 30.

**Post-Employment Benefits**

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

**Other Long-Term Benefits**

These amounts represent annual leave and long service benefits accruing during the year.

**Related Parties**

The City's main related parties are as follows:

*i. Key Management Personnel*

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

*ii. Entities Subject to Significant Influence by the City*

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

*iii. Investment in Associate Arrangements Accounted for Under the Equity Method*

The interest in the SMRC is accounted for in these financial statements using the equity method of accounting. For details of interests held in associates, refer to Note 17.

**Transactions with Related Parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties:

	Actual 2018/19	Actual 2017/18
<b>Associates</b>		
Waste disposal payments made to Southern Metropolitan Regional Council	5,980,280	6,420,874

**Amounts Payable to Related Parties:**

Loans due to associated entities

- -



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38. Opening & Closing Funds used in the Rate Setting Statement

	Actual 2018/19  (30 June 2019 Carried Forward) \$	Actual 2018/19# (Restated)  (1 July Brought Forward) \$	Actual 2017/18# (Restated)  (30 June 20d) Carried Forward) \$
<b>Surplus/(Deficit) - Rate Setting Statement</b>	7,236,184	11,967,494	11,967,494
<b>Comprises:</b>			
Cash and Cash Equivalents	7,586,674	791,393	791,393
Financial Assets - Current	157,400,000	137,900,000	137,900,000
Trade & Other Receivables	11,133,763	8,240,088	8,240,088
Other Assets	187,192	282,233	282,233
Inventories	33,335	35,600	35,600
	176,340,965	147,249,315	147,249,315
<b>Less:</b>			
Trade & Other Payables	(12,778,469)	(10,516,264)	(10,516,264)
Provisions	(12,299,621)	(6,730,946)	(6,730,946)
	(25,078,090)	(17,247,210)	(17,247,210)
<b>Net Current Assets</b>	151,262,875	130,002,105	130,002,105
<b>Less:</b>			
Restricted Financial Assets - Reserve Funds	(130,028,109)	(110,905,097)	(110,905,097)
Restricted Financial Assets - Deposits & Bonds	(2,441,341)	-	-
Committed Financial Assets (unspent grants & contributions)	(12,558,134)	(8,151,330)	(8,151,330)
	(145,027,585)	(119,056,427)	(119,056,427)
<b>Add:</b>			
Restricted Financial Assets held in Non Current Investments	1,000,894	1,021,816	1,021,816
<b>Surplus/(Deficit)</b>	7,236,184	11,967,494	11,967,494

There was no difference between the Surplus/(Deficit) 1 July 2018 Brought Forward position used in the 2019 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2018 audited financial report.

# Restated - Refer note 39

## Item 10.1 Attachment 1

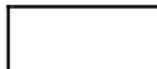
SASFC 11/12/2019

City of Cockburn  
Financial Report

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT****39. Prior Year Restatements**

During the year ended 30 June 2019, the following misstatements were identified relating to prior financial periods. These misstatements have been corrected by restating each of the affected financials statement line items for prior periods. The misstatements have had no impact on the Statement of Cash Flows, unless otherwise noted below, and are set out below:

- Amounts invested in term deposits with maturity terms greater than three months at inception should have been recognised as Other financial assets as they did not meet the definition of Cash and cash equivalents in accordance with applicable accounting standards. In previous periods, these amounts were recorded as Cash and cash equivalents. As a consequence, cash and cash equivalents was overstated by \$110,900,000 and \$137,900,000 as at 1 July 2017 and 30 June 2018, respectively, with corresponding understatements of Other financial assets. This mis-statement also had the effect of understating payments for terms deposits and net cash used in investing activities by \$27,000,000 in the Statement of Cash Flows for the year ended 30 June 2018.
- The interest accrued on term deposits was incorrectly recognised as Cash & Cash Equivalents instead of Trade & Other Receivables in FY2017. As a consequence, Cash & Cash Equivalents was overstated by \$1,576,840 as at 1 July 2017.
- The fair value of Marina infrastructure assets gifted to it in FY2017 was not correctly determined at that time. As a consequence, the City has determined that Marina Infrastructure assets, net of accumulated depreciation, was overstated as at 1 July 2017 and 30 June 2018, by \$8,242,441 and \$8,273,834 respectively and that depreciation expense was understated for the year ended 30 June 2018 by \$31,393.
- The Provision for Site Rehabilitation and related Rehabilitation Assets had not been accurately measured in prior years as certain valuation assumptions used in the financial model have been determined to be inaccurate. As a consequence, the Provision for Site Rehabilitation was understated at 1 July 2017 and 30 June 2018 by \$10,841,544 and \$11,054,890, respectively, and the related Rehabilitation Assets had been understated as at 1 July 2017 and 30 June 2018 by \$9,808,345 and \$8,872,106 respectively. In addition, amortisation expense was understated by \$1,498,996 and interest expense was overstated by \$349,411 for the year ended 30 June 2018.
- The investment in the Southern Metropolitan Regional Council (SMRC), which was being recorded under the equity method, should have been characterised as an investment in an associate, rather than as an investment in a joint venture. The City presented its equity accounted investment net of the loan liabilities relating to the SMRC as at 1 July 2017 and changes in the balance of the loan liabilities were directly offset against the Increase/Decrease in Equity – Joint Venture (Statement of Comprehensive Income), rather than as principal repayments and interest expense. For the year ended 30 June 2018, the City did not recognise the Loan Liability for the SMRC and recorded principal and interest payments directly in the Statement of Comprehensive Income as Other Expenses. In correcting these matters, the City has re-characterised its investment in the SMRC as an Investment accounted for using the equity method (Statement of Financial Position) and Share of the profit or loss of associates accounted for using the equity method (Statement of Comprehensive Income), is no longer presenting the investment in an associate net of the related loan liability and has brought to account a Loan Liability as at 30 June 2018. As a consequence of these matters, the City's Investment accounted for using the equity method has been increased by \$9,060,080 and \$633,420 as at 1 July 2017 and 30 June 2018, respectively, and it has separately recorded a Loan Liability of \$9,060,080 and \$7,753,809 as at 1 July 2017 and 30 June



City of Cockburn  
Financial Report

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

2018, respectively. SMRC loan related payments totaling \$1,667,547, originally classified as Other Expenses, have been restated to Interest Expenses of \$361,276 and Principal Repayment of \$1,306,271. The City's Share of the loss in associates accounted for using the equity method was increased by \$8,426,660 for the year ended 30 June 2018.

- As a result of these prior year restatements, a number of the City's financial ratios as at 30 June 2018 and 30 June 2017 have altered. For 2018, the Current Ratio decreased from 1.479 to 1.327, the Debt Service Cover Ratio decreased from 10.370 to 5.527, the Operating Surplus Ratio decreased from 0.008 to -0.053, the Own Source Coverage Ratio increased from 0.957 to 0.958 and the Asset Consumption Ratio increased from 0.691 to 0.702. For 2017, the Current Ratio decreased from 1.432 to 1.089 and the Asset Sustainability Ratio decreased from 1.442 to 1.440.

The following table summarises the impacts on the financial statements:

**Statement of Financial Position (30 June 2018 Restatement)**

In dollars	Original Amount	Adjustment	Restated Amount
Cash and Cash Equivalents	138,691,393	(137,900,000)	791,393
Financial Assets	-	137,900,000	137,900,000
Total Current Assets	147,249,315	-	147,249,315
Infrastructure	769,939,931	(8,273,834)	761,666,096
Rehabilitation Assets	15,905,773	8,872,106	24,777,879
Investment in Associate	923,569	633,420	1,556,989
Total Non Current Assets	1,124,883,395	1,231,692	1,126,115,087
Borrowings (current)	(2,500,000)	(1,500,000)	(4,000,000)
Total Current Liabilities	(19,747,210)	(1,500,000)	(21,247,210)
Provisions	(19,536,167)	(11,054,890)	(30,591,057)
Borrowings (non-current)	(17,500,000)	(6,253,809)	(23,753,809)
Total Non Current Liabilities	(37,036,167)	(17,308,699)	(54,344,866)
Net Assets	1,215,349,333	(17,577,007)	1,197,772,326
Accumulated Surplus	(572,943,223)	17,577,007	(555,366,216)
Total Equity	(1,215,349,333)	17,577,007	(1,197,772,326)

**Statement of Financial Position (1 July 2017 Restatement)**

In dollars	Original Amount	Adjustment	Restated Amount
Cash and Cash Equivalents	115,396,082	(112,476,840)	2,919,242
Financial Assets	3,841,492	110,900,000	114,741,492
Trade & Other Receivables	6,894,909	1,576,840	8,471,749
Total Current Assets	127,065,830	-	127,065,830
Infrastructure	740,089,224	(8,242,441)	731,846,783
Rehabilitation Assets	16,211,653	9,808,345	26,019,998
Investment in Associate	6,592,991	9,060,080	15,653,071
Total Non Current Assets	1,093,178,248	10,625,984	1,103,804,232
Borrowings (current)	(2,500,000)	(1,300,000)	(3,800,000)
Total Current Liabilities	(18,477,419)	(1,300,000)	(19,777,419)

## Item 10.1 Attachment 1

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City of Cockburn  
Financial Report

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

Provisions	(18,957,592)	(10,841,544)	(29,799,136)
Borrowings (non-current)	(20,000,000)	(7,760,080)	(27,760,080)
Total Non Current Liabilities	(38,957,592)	(18,601,624)	(57,559,216)
Net Assets	1,162,809,067	(9,275,640)	1,153,533,427
Accumulated Surplus	(553,757,996)	9,275,640	(544,482,356)
Total Equity	(1,162,809,067)	9,275,640	(1,153,533,427)

**Statement of Comprehensive Income (2018 Restatement)**

In dollars	Original Amount	Adjustment	Restated Amount
Depreciation on Non Current Assets	(30,241,974)	(31,393)	(30,273,367)
Amortisation on Landfill Infrastructure	(1,390,921)	(1,498,996)	(2,889,917)
Interest Expense - Provision for Site Rehabilitation	(505,193)	349,411	(155,782)
Interest Expense	(726,777)	(361,276)	(1,088,053)
Other Expenses	(8,996,907)	1,667,547	(7,329,360)
Total Operating Expenditure	(141,651,872)	125,293	(141,526,579)
Increase/(Decrease) in Equity - Associate	(5,669,422)	(8,426,660)	(14,096,082)
Net Result	32,718,585	(8,301,367)	24,417,217

**Statement of Cash Flows (2018 Restatement)**

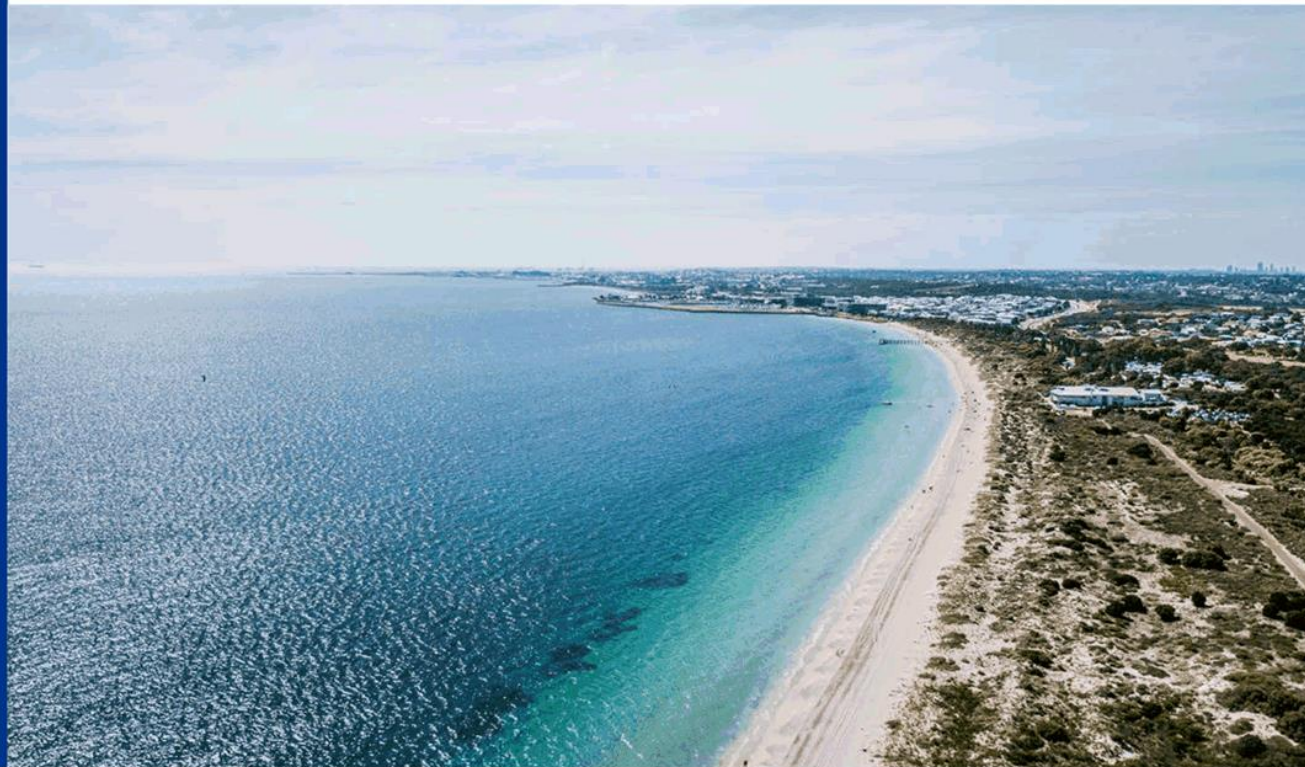
In dollars	Original Amount	Adjustment	Restated Amount
Interest Expense	(726,777)	(361,276)	(1,088,053)
Other Expenses	(8,996,907)	1,667,547	(7,329,360)
Net cash provided by operating activities	40,715,198	1,306,271	42,021,469
Payments for Term Deposits	-	(27,000,000)	(27,000,000)
Net cash used in investing activities	(13,343,047)	(27,000,000)	(40,343,047)
Loan principal repayment	(2,500,000)	(1,306,271)	(3,806,271)
Net cash used in financing activities	(2,500,000)	(1,306,271)	(3,806,271)
Net increase/(decrease) in cash and cash equivalents	24,872,152	(27,000,000)	(2,127,848)
Cash and cash equivalents at the beginning of the year	115,396,082	(112,476,840)	2,919,242
Cash and cash equivalents at the end of the year	138,691,393	(137,900,000)	791,393



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Item 10.1 Attachment 2

City of Cockburn  
Audit Plan  
For the year ending 30 June 2019





## Item 10.1 Attachment 2

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KPMG's Audit Responsibilities	Audit approach	Business risks relevant to our audit	Audit focus areas	Key accounting and reporting considerations	Data & Analytics	Audit Timeline
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# Introduction



## To the Audit and Risk Committee

We are pleased to have the opportunity to discuss our audit of the financial report of the City of Cockburn ("the Council"), as at and for the year ending 30 June 2019.

This audit plan and strategy document is intended to provide the Audit and Risk 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 Council 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 focus area](#)

[Data & Analytics](#)

[Timeline of the audit](#)

[New Standards](#)

## Your Team

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KPMG's Audit Responsibilities	Audit approach	Business risks relevant to our audit	Audit focus areas	Key accounting and reporting considerations	Data & Analytics	Audit Timeline
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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 Council's financial statements and ratios 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 Council. The contract requires KPMG to use their audit approach and methodology. The engagement covers a three year period commencing with the financial year ending 30 June 2019.
- KPMG conducts an independent audit in order to enable the OAG to express an opinion regarding the financial statements and ratios. 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 Council's financial position as at 30 June 2019, 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 Council.
- 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 Council.
- 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 Council has reported, in all material respects, its financial performance as at 30 June 2019 and for the year the ended;
  - The ratios are relevant and appropriate to help users assess the Council's performance and fairly represent the indicated performance for the period.
- 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

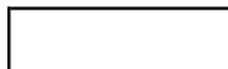


The following table summarises our approach to the audit of the Council:

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 Council. 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 Council.</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 Risk 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 Council 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 Council; 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 Audit and Risk Committee and management.</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 accountable authority, in consultation with the Executive, to identify matters relating to fraud consideration for incorporating into our audit approach. We will report fraud related issues identified to the accountable authority if identified during our audit.</li> </ul>

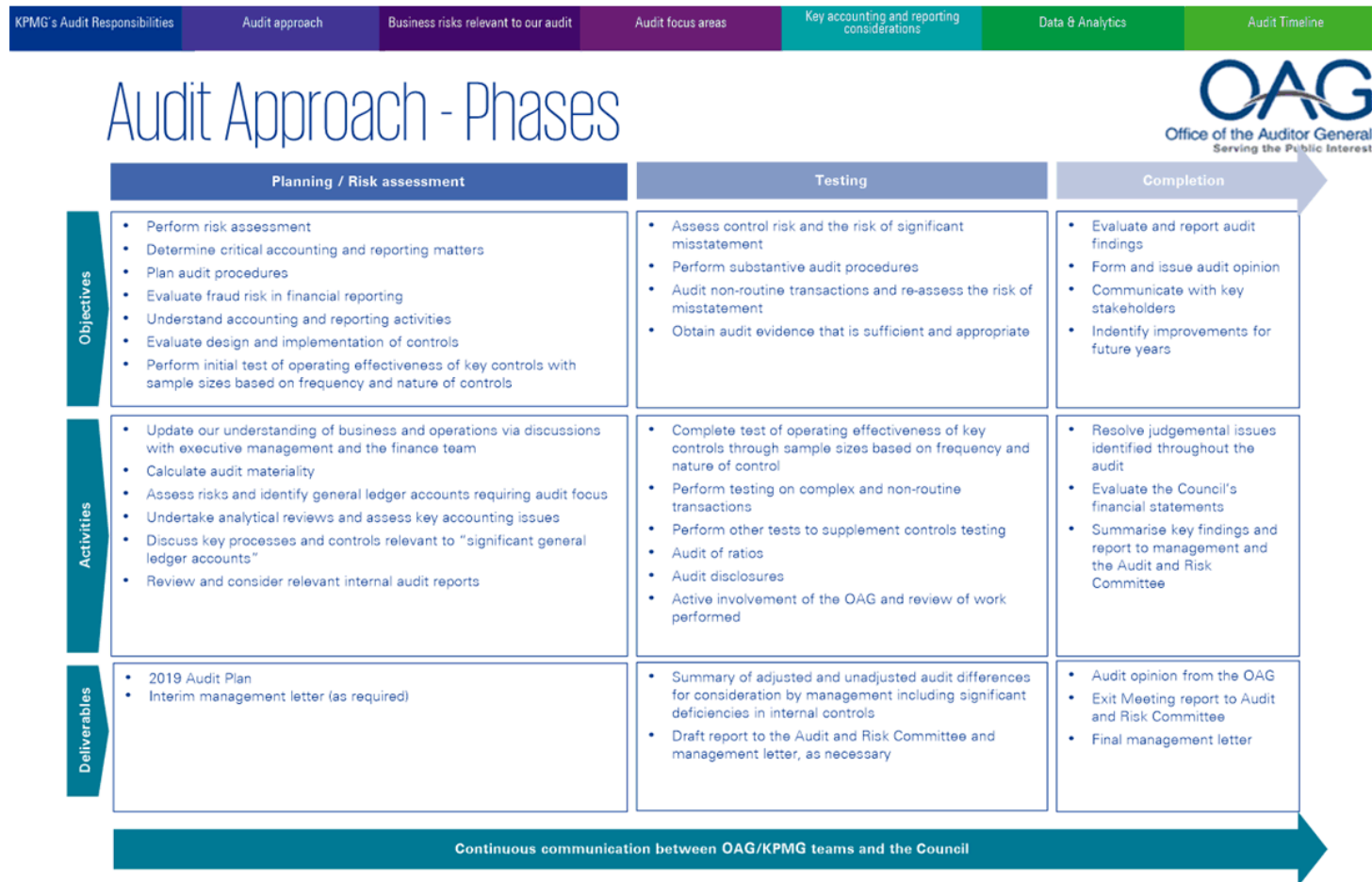


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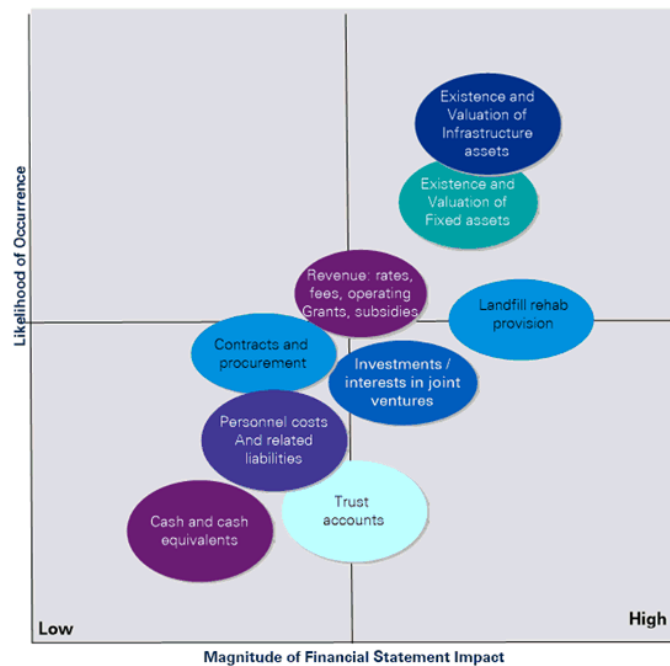
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# Audit risk assessment



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 Council's financial report.



Key	Factors influencing our assessment
Existence and valuation of fixed assets	<ul style="list-style-type: none"> <li>Valuation methodology and assumptions can be complex and judgmental</li> <li>Significant volume of individual assets</li> </ul>
Existence and valuation of infrastructure assets	<ul style="list-style-type: none"> <li>Valuation methodology and assumptions can be complex and judgmental</li> <li>Significant volume of individual assets</li> </ul>
Revenue – rates, fees, charges, operating grants and subsidies	<ul style="list-style-type: none"> <li>High volume of transactions that management are required to process accurately</li> <li>Inherent risk of fraud in terms of revenue recognition</li> </ul>
Investments / interests in joint ventures	<ul style="list-style-type: none"> <li>Disclosure requirements can be onerous and subject to error or inaccuracies</li> </ul>
Contracts and procurement	<ul style="list-style-type: none"> <li>High volume of transactions that management are required to process accurately</li> <li>Inherent risk of fraud in the procurement process</li> </ul>
Personnel costs and related liabilities	<ul style="list-style-type: none"> <li>Existence and accuracy of payroll related costs</li> <li>Risk of payments made to fictitious employees</li> </ul>
Cash and cash equivalents	<ul style="list-style-type: none"> <li>High volume of transactions of significant value</li> </ul>
Trust accounts	<ul style="list-style-type: none"> <li>Equity accounting can be complex which increases the risk of error.</li> <li>Incomplete disclosure of related trust accounts.</li> </ul>
Landfill site rehabilitation provision	<ul style="list-style-type: none"> <li>Accounting for rehabilitation provisions can be complex</li> <li>Assessment of assumptions used by management</li> </ul>




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**OAG**  
Office of the Auditor General  
Serving the Public Interest

## Key audit focus areas

1

### Existence and valuation of Fixed Assets

**Audit risk**

H Higher
M Moderate
L Lower

Significant Risks	Size	Complexity	Susceptibility to fraud/error
	<span style="background-color: #ffc107; border-radius: 50%; padding: 2px 5px;">H</span>	<span style="background-color: #ffc107; border-radius: 50%; padding: 2px 5px;">H</span>	Error

**Areas of audit focus**

- Existence of fixed assets (land, buildings, property, plant and equipment)
- Valuation of fixed assets



**Planned audit procedures**

**Test of Controls**

- None planned

**Substantive Procedures**

- Review all independent/externally prepared valuations for the Council's fixed assets
- Assess the competence and capabilities of the valuers, including valuation method and assumptions used
- 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
- Identify and ensure Crown Land have been appropriately recorded


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# Key audit focus areas



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2

## Existence and valuation of Infrastructure Assets

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

---

Significant Risks	Size	Complexity	Susceptibility to fraud/error
	<span style="background-color: #ffc107; border-radius: 50%; padding: 2px 5px;">H</span>	<span style="background-color: #ffc107; border-radius: 50%; padding: 2px 5px;">H</span>	Error

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**Areas of audit focus**

- Existence of infrastructure assets
- Valuation of infrastructure assets



**Planned audit procedures**

**Test of Controls**

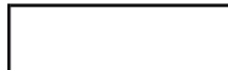
- None planned

**Substantive Procedures**

- Review all independent/internally prepared valuations for the Council's infrastructure assets
- Assess the competence and capabilities of the valuers, including valuation method and assumptions used
- 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

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## Key audit focus areas



Office of the Auditor General  
Serving the Public Interest

3

### Revenue – rates, fees, charges, operating grants and subsidies

Audit risk H Higher M Moderate L Lower

	Significant Risks	Size	Complexity	Susceptibility to fraud/error
		<span style="color: orange;">H</span>	<span style="color: purple;">M</span>	Error

**Areas of audit focus**

- Existence and accuracy of rates revenue
- Ensuring revenue is recorded in the correct period and when the service has been rendered



**Planned response**

**Test of Controls**

- Management review of rates table
- Testing of controls over the system generated reports used

**Substantive Procedures**

- Review the Council's rates policy in place
- Review of Landgate's General Valuation of the Gross Rental Values (GRV's) of properties within the City
- Recalculate the rates revenue for the year ensuring the correct rates were used and verifying the accuracy thereof
- 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 documentation
- Agree grants to grant agreement and bank.
- Review accounting treatment for funds advanced by customers.

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## Key audit focus areas



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4

### Investments/interests in joint ventures

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

---

	Significant Risks	Size	Complexity	Susceptibility to fraud/error
		<span style="background-color: #800080; border-radius: 50%; padding: 2px 5px;">M</span>	<span style="background-color: #800080; border-radius: 50%; padding: 2px 5px;">M</span>	Error

**Areas of audit focus**

- Completeness and accuracy of disclosures of all investments and interests in joint ventures

**Planned audit procedures**

**Test of Controls**

- None planned

**Substantive Procedures**

- Review of latest audited accounts for joint ventures to identify any unusual or significant accounts which may require audit focus
- Re-perform and assess the accuracy of Equity Accounting performed for Joint Ventures
- Review Council minutes and compare to prior year financial statements to ensure all investments and joint ventures are identified and disclosed
- Review of accounting treatment after exit from the agreement at 30 June 2018. Possible liability to be raised for guaranteed debt the City is liable for post exit from the agreement.




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Office of the Auditor General  
Serving the Public Interest

## Key audit focus areas

**5 Contracts and Procurement**

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

Significant Risks	Size	Complexity	Susceptibility to fraud/error
	<span style="background-color: #ffc107; border-radius: 50%; padding: 2px 5px;">H</span>	<span style="background-color: #ffc107; border-radius: 50%; padding: 2px 5px;">H</span>	Fraud

**Areas of audit focus**

- Authorisation/awarding of contracts in accordance with procurement policy
- Payments are approved and in line with City's Delegation of Authority



**Planned audit procedures**

**Test of Controls**

- Review of authorisation of payments in line with Delegation of Authority
- Review approval of contracts in line with Procurement Policy of the City

**Substantive Procedures**

- Review of internal audit reports for internal controls tested, specific contracts reviewed or key findings noted in procurement
- Review of the Council's procurement policy
- Review the Council'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
- For new contracts awarded during the year, review to ensure the Council's Procurement Policy was followed (quotations, request for tender, etc)
- Search for unrecorded liabilities

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## Item 10.1 Attachment 2

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KPMG's Audit Responsibilities

Audit approach


Business risks relevant to our audit

Audit focus areas

Key accounting and reporting considerations

Data & Analytics

Audit Timeline



## Key audit focus areas

6 Personnel costs and related liabilities

Audit risk

H Higher

M Moderate

L Lower

Significant Risks	Size	Complexity	Susceptibility to fraud/error
	H	M	Error

Areas of audit focus

- Ensure the accuracy and existence of personnel expenses.



Planned audit procedures

Test of Controls

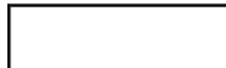
- Test management's approval process for new joiners, including the inspection of employment contracts
- Test management's authorisation of employee terminations

Substantive Procedures

- Perform a substantive analytical procedure taking into account new joiners, terminations, increases, performance bonuses and compare to the Trial Balance expense
- Physically verify a sample of new joiners to confirm their existence
- Ensure the completeness of the long service leave provision

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## Key audit focus areas

7

Cash and cash equivalents

Audit risk

H Higher

M Moderate

L Lower

Significant Risks	Size	Complexity	Susceptibility to fraud/error
	H	M	Error

Areas of audit focus

- Completeness, existence and accuracy of all cash and cash equivalents



Planned audit procedures

Test of Controls

- Identify key controls within the Treasury process, including controls surrounding the preparation and review of bank reconciliations.

Substantive Procedures

- Circularize independent bank confirmations at year end
- Review the year end bank reconciliation and agree to bank confirmations


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Office of the Auditor General  
Serving the Public Interest

## Key audit focus areas

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8
**Trust accounts**

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

---

Significant Risks	Size	Complexity	Susceptibility to fraud/error
	<span style="background-color: #6c757d; border-radius: 50%; padding: 2px 5px;">M</span>	<span style="background-color: #6c757d; border-radius: 50%; padding: 2px 5px;">M</span>	Error

Areas of audit focus

- Completeness and accuracy of disclosure of trust accounts in the financial statements.



Planned audit procedures

**Test of Controls**

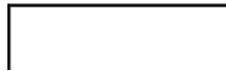
- None planned

**Substantive Procedures**

- Review individual Trust Account agreements held by the Council
- Obtain audited accounts for the individual Trust Accounts at year end
- Re-perform the allocation of income, expenses, assets and liabilities in accordance with the Trust Agreement
- Assess the accuracy of the equity accounted investments in the financial statements
- Review city's legal advice obtained regarding its accounting treatment for the trust accounts (to be provided to external auditors)

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# Key audit focus areas



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## Landfill site - Rehabilitation Provision

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

---

Significant Risks	Size	Complexity	Susceptibility to fraud/error
	<span style="background-color: #6c757d; border-radius: 50%; padding: 2px 5px;">M</span>	<span style="background-color: #6c757d; border-radius: 50%; padding: 2px 5px;">M</span>	Error

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**Areas of audit focus**

- Accounting for rehabilitation provisions can be complex
- Assessment of assumptions used by management



**Planned audit procedures**

**Test of Controls**

- None planned

**Substantive Procedures**

- Obtain management's calculations/model for the landfill site rehabilitation provision at year end
- If experts have been used by management, assess the skills, competence and reliability of the expert
- Review and critically assess the assumption used in the model
- Assess reliability of assumptions by performing a retrospective review.

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KPMG's Audit Responsibilities	Audit approach	Business risks relevant to our audit	Audit focus areas	Key accounting and reporting considerations	Data & Analytics	Audit Timeline
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## Data & Analytics



### Innovation using technology

We integrate Data & Analytics (D&A) procedures into our planned approach.

By analysing large volumes of your financial data from Tech One we can:

- Enhance our understanding of your business and risks.
- Design procedures that better target risks and are more precise than traditional audit procedures.
- Provide you with valuable business insights.

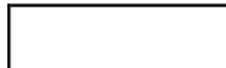
We involve our IT Specialists.

Audit focus area	Planned D&A routines
Revenue and Accounts Receivable	Procedures to be determined during our interim testing based on available data.
Journal Entries	Obtain all manual and automated journal entries Identify entries that depart from normally expected accounting practices Using risk based characteristics and trends, identify high risk entries for investigation, such as duplicates, journals by unexpected employees and reversals

Detailed results and summary insights gained from data analytics will be shared with management.

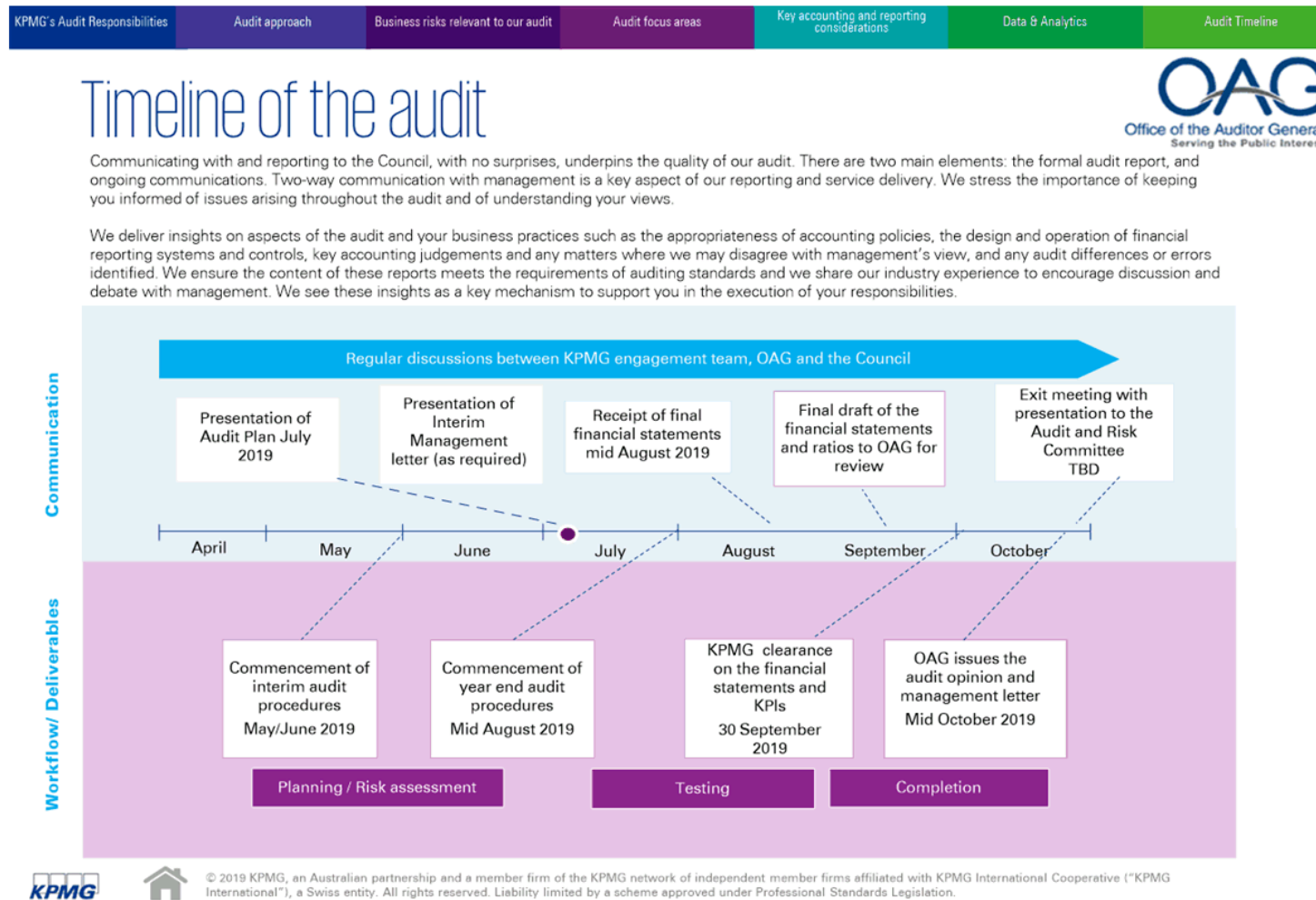


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## New standards – More than accounting change



		Effective dates – the Council Financial year	
New standards		2019	2020
AASB 15 <i>Revenue from Contracts with Customers</i> / AASB 1058 <i>Income of not-for-profit entities</i>			✓
AASB 9 <i>Financial Instruments</i>		✓	
AASB 16 <i>Leases</i>			✓
New standards			
AASB 15/AASB 1058		AASB 9	AASB 16
<ul style="list-style-type: none"> <li>■ New contract-based five-step analysis of transactions, focusing on transfer of control</li> <li>■ New control based model</li> <li>■ New method for measuring revenues (each component)</li> <li>■ Specific guidance for performance obligations – contracts might need to be combined or separated</li> <li>■ Extensive new disclosures</li> </ul>		<ul style="list-style-type: none"> <li>■ New classification and measurement principles for financial assets and liabilities</li> <li>■ Changing impairment model – simplified approach for trade receivables</li> </ul>	<ul style="list-style-type: none"> <li>■ Major change in the recognition of leases for lessees</li> <li>■ All significant leases on-balance sheet</li> <li>■ Simplified requirements for short-term leases (less than 12 months)</li> <li>■ Amended depreciation rules for leased assets</li> <li>■ No significant changes in the accounting for lessors</li> </ul>



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KPMG's Audit Responsibilities	Audit approach	Business risks relevant to our audit	Audit focus areas	Key accounting and reporting considerations	Data & Analytics	Audit Timeline
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City of Cockburn  
Report to Audit & Strategic Finance Committee  
For the year ended 30 June 2019



SASFC 11/12/2019

Item 10.1 Attachment 3

## Introduction

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

We are pleased to have the opportunity to meet with you on 11 December 2019 to discuss the results of our audit of the City of Cockburn ("the City"), as at and for the year ended 30 June 2019.

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 presented in June 2019. We will be pleased to elaborate on the matters covered in this report when we meet.

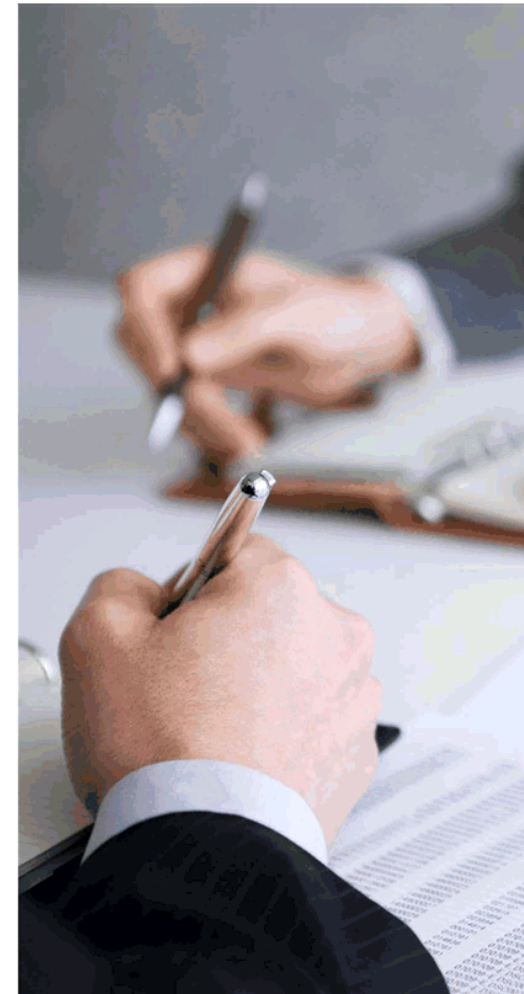
Our audit is substantially complete. Subject to the Committee's approval, we expect to be in a position to recommend to the OAG unmodified audit opinions on the City's financial report and financial ratios, with an emphasis of matter paragraph for the prior period restatements identified, provided that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

We draw your attention to the important notice on page 18 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.

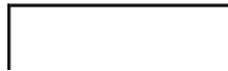
Matthew Beevers  
*Partner*



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The graphic features a light blue background on the left with the word 'Contents' in a large, dark blue font. Below the text is a photograph of a person's hands holding a tablet displaying a bar chart. To the right of the image are five colored rectangular boxes, each containing a large number, a title, and a page number link.

1	Executive Summary	<a href="#">Page   3</a>
2	Audit focus areas	<a href="#">Page   4</a>
3	Audit misstatements	<a href="#">Page   13</a>
4	Auditor's independence	<a href="#">Page   14</a>
5	Appendices	<a href="#">Page   15</a>



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# Executive summary

## Key focus areas

	Page ref.
Restatement of prior period errors	<a href="#">4</a>
Existence and valuation of Infrastructure Assets	<a href="#">6</a>
Revenue – rates, fees, charges, operating grants and subsidies	<a href="#">7</a>
Interest in SMRC	<a href="#">8</a>
Contracts and procurement	<a href="#">9</a>
Personnel costs and related liabilities	<a href="#">10</a>
Landfill site - Rehabilitation Provision	<a href="#">11</a>
Financial Ratios	<a href="#">12</a>

## Prior period restatements

Please refer to pages [4](#) to [5](#) for details of the prior period restatements identified and corrected in the financial statements.

## Audit misstatements

Please refer to page [13](#) 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
- Finalisation of KPMG risk management review of restatement matters by KPMG Technical team
- 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.

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# Audit Focus Areas

## 01 Restatement of prior period errors

Our audit identified a number of accounting matters which has been incorrectly recorded by the City in prior years.

Through consultations between KPMG, the OAG and the City, a summary of the errors identified and corrected, are presented on pages 4 and 5 of this report.

For detailed disclosures of the prior period restatements, please refer to Note 39 to the financial statements for the year ended 30 June 2019.

### 1. Incorrect classification of term deposits

- It was determined that amounts invested in term deposits with maturity terms greater than three months at inception should have been recognised as Other financial assets as these did not meet the definition of Cash and cash equivalents in accordance with applicable accounting standards.
- In previous periods, these amounts were recorded as Cash and cash equivalents.
- As a consequence, cash and cash equivalents was overstated by \$110,900,000 and \$137,900,000 as at 1 July 2017 and 30 June 2018, respectively, with corresponding understatements of Other financial assets. This misstatement also had the effect of understating payments for terms deposits and net cash used in investing activities by \$27,000,000 in the Statement of Cash Flows for the year ended 30 June 2018.
- Interest accrued on term deposits was incorrectly recognised as Cash & Cash equivalents, instead of Trade & Other Receivables and as such was overstated by \$1,576,840 as at 01 July 2017.

### 2. Incorrect valuation of Marina Infrastructure Asset

- It was determined that the fair value of the Marina infrastructure assets gifted to the City in FY2016 was not correctly determined at that time.
- As a consequence, the City has determined that the Marina Infrastructure assets, net of accumulated depreciation, was overstated as at 1 July 2017 and 30 June 2018, by \$8,242,441 and \$8,273,834 respectively and that the depreciation expense was understated for the year ended 30 June 2018 by \$31,393.

### 3. Incorrect valuation of Landfill Provision for Site Rehabilitation and related Rehabilitation Asset

- It was determined that the City's Provision for Site Rehabilitation and related Rehabilitation Assets had not been correctly measured in prior years as certain valuation assumptions contained errors. Furthermore, the rehabilitation asset should have been measured and amortised on a component (or cell) basis over its useful life.
- As a consequence, the Provision for Site Rehabilitation was understated at 1 July 2017 and 30 June 2018 by \$10,841,544 and \$11,054,890, respectively, and the related Rehabilitation Assets had been understated as at 1 July 2017 and 30 June 2018 by \$9,806,345 and \$8,872,106 respectively.
- In addition, amortisation expense was understated by \$1,496,996 and interest expense – provision for site rehabilitation was overstated by \$349,411 for the year ended 30 June 2018.

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## Audit Focus Areas

### 01 Restatement of prior period errors

Our audit identified a number of accounting matters which has been incorrectly recorded by the City in prior years.

Through consultations between KPMG, the OAG and the City, a summary of the errors identified and corrected, are presented on pages 4 and 5 of this report.

For detailed disclosures of the prior period restatements, please refer to Note 39 to the financial statements for the year ended 30 June 2019.

#### 4. Investment in the Southern Metropolitan Regional Council (SMRC)

- It was determined that its investment in the Southern Metropolitan Regional Council (SMRC), which was being recorded under the equity method, should have been characterised as an investment in an associate, rather than as an investment in a joint venture.
- The City presented its equity accounted investment net of the loan liabilities relating to the SMRC at as 1 July 2017 and changes in the balance of the loan liabilities were directly offset against the Increase/Decrease in Equity – Joint Venture (Statement of Comprehensive Income), rather than as principal repayments and interest expense.
- For the year ended 30 June 2018, the City did not recognise the Regional Resource Recovery Centre (RRRC) Loan Liability and recorded principal and interest payments directly in the Statement of Comprehensive Income as Other Expenses.
- In correcting these matters, the City has re-characterised its investment in the SMRC from an Investment accounted for using the equity method (Statement of Financial Position) to a Share of the profit or loss of associates accounted for using the equity method (Statement of Comprehensive Income).
- The City is no longer presenting the investment in the associate net of the related loan liability and has now recognised a Loan Liability as at 30 June 2018.
- In respect of the City's interest in the RRRC assets in the Southern Metropolitan Regional Council, the City have assessed that these assets have a fair value of nil as at 30 June 2018 and 30 June 2019, based on the City's expectation of the value of these assets when they are realised in 2023.
- The above matter has been subject to the OAG's technical review, to ensure that all participants in the arrangement have recorded this transaction on a consistent basis.

#### Conclusion

We are comfortable with the restatements and documentation included in Note 39 to the financial statements. In accordance with the Auditing Standards, our proposed audit opinion to the OAG will include an emphasis of matter paragraph which makes reference to the restatements identified and corrected.

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## Audit Focus Areas

### 02 Existence and valuation of Infrastructure Assets

#### Summary

Our audit response to the existence and valuation of infrastructure assets comprises controls and substantive testing.

We consider this an audit focus area due to:

- Valuation methodology and assumptions can be complex and judgmental
- Significant volume of individual assets

Balance	FY19	FY18 (restated)
Infrastructure	\$795,402,490	\$761,666,096

#### Our controls approach

- Management review of the internal valuations.

#### Our substantive approach

- Performed a roll forward of the infrastructure asset register for FY2019.
- Reviewed the internal valuations for the Council's infrastructure assets.
- Assessed the competence and capabilities of the City's valuers, including valuation method and assumptions used.
- On a sample basis, selected infrastructure asset additions confirming their existence and agreeing to supporting documentation.
- Recalculated any revaluation gain/loss arising from the revaluation and ensure this has been appropriately recorded.
- Assessed the completeness of capital WIP and for a sample selected, ensured the asset was capitalised at the correct date.
- Performed substantive analytical procedures over the depreciation expense for the year.

#### Conclusion

Based on the audit procedures performed, with the exception of the matters noted on pages 4-5, no reportable misstatements are noted.

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## 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 and varying revenue/income streams that management are required to process accurately

Balance	FY19	FY18
Rates	\$103,651,315	\$99,600,112
Fees and charges	\$30,518,189	\$28,700,746
Operating grants and subsidies	\$12,786,397	\$12,800,692

#### Our controls approach

- Council approval of rates and charges for FY19.
- Management review of the monthly rates reconciliation.

#### Our substantive approach

- Reviewed the City's rates policy for FY19.
- For a sample of rates revenue, recalculated the rates charged and ensured the correct rates were used, rates were accurately charged and the rates were received by the City.
- Focused cut-off testing around financial year end to ensure revenue was recorded in the correct period.
- Assessed the recoverability of debtors at year end.
- Agreed a sample of fees and charges to supporting documentation and bank statements.
- Agreed a sample of contributions received to supporting documentation and bank statements.
- Agreed grants received to the grant agreement and bank statement.
- Reviewed the City's assessment of the impact of the new Accounting Standard, AASB 9.

#### Conclusion

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

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# Audit Focus Areas

## 04 Investment in SMRC

### Summary

Our audit response to the investment in SMRC comprises a fully substantive approach.

We consider this an audit focus area due to:

- The complexity of accounting for this investment and the City's exit from it

Balance	FY19	FY18 (restated)
Investment in SMRC	\$675,004	\$1,556,989

### Our controls approach

- None planned

### Our substantive approach

- Reviewed the SMRC agreement and assessed the appropriateness of the accounting treatment.
- Recalculated the City's share of net assets and profits of the associate for the year ended 30 June 2019.
- Considered the accounting for the City's continuing obligations and residual interest in assets.
- The City's exit date of 1 July 2019 from the arrangement was considered and it was determined that no equity interest be recorded for the City's residual equity interest in the SMRC at 30 June 2019 given it was not considered recoverable.
- The City did not recognise any value for its share of the Regional Resource Recovery Centre (RRRC) assets in the Southern Metropolitan Regional Council based on its expectation that nothing will be recoverable by 2023 when the loan is repaid.

### Conclusion

Based on the audit procedures performed, with the exception of the matters noted on pages 4-5, 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

Balance	FY19	FY18
Total operating expenditure	\$153,891,221	\$141,526,579

#### Our controls approach

- Review of authorisation of Purchase Orders in line with the City's Delegation of Authority.
- Review of authorisation of Purchase Orders in line with the City's Procurement Policy.

#### Our substantive approach

- Reviewed the City's procurement policy.
- On a sample basis for expenditure, agreed payments made to supporting documentation and sighted authorisation of such payments in line with the City's Delegation of Authority.
- On a sample basis for expenditure, agreed payments were made in accordance with the City's Procurement Policy.
- Performed a search for unrecorded liabilities at year end.

#### Conclusion

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

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## 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:

- The material nature of payroll related balances
- Existence and accuracy of payroll related costs

Balance	FY19	FY18
Employee costs	\$56,782,611	\$54,561,331

#### Our controls approach

- Approval of pay run payments.

#### Our substantive approach

- Performed a reconciliation between the payroll and trial balance as at 30 June 2019, including related payroll liabilities.
- For a statistical sample selected, verified payments made to employees by agreeing these to employment contracts, payslips and the payroll.
- Performed substantive analytical procedures over the annual leave and long service leave provisions as at 30 June 2019.

#### Conclusion

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

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## Audit Focus Areas

### 07 Landfill site - Rehabilitation Provision

#### Summary

Our audit response to the landfill site – rehabilitation provision comprises a fully substantive approach.

We consider this an audit focus area due to:

- Accounting for rehabilitation provisions is complex
- The requirement to challenge the assumptions used by management

Balance	FY19	FY18 (restated)
Rehabilitation asset	\$25,370,319	\$24,777,879
Provision for rehabilitation liability	\$36,815,756	\$28,568,326

#### Our controls approach

- None planned

#### Our substantive approach

- Obtained the City's calculations/model for the landfill site rehabilitation provision and rehabilitation asset at year end and verified mathematical accuracy thereof.
- Assessed the competence and capabilities of the experts engaged by the City, including valuation method and assumptions used.
- Reviewed and critically assessed the assumptions and inputs used in the model by the City and expert.
- In undertaking our testing of assumptions, we worked with the City on the revision of past accounting to more accurately reflect inflation rates, discount rates and to apply component accounting (based on cells) for amortisation purposes.

#### Conclusion

Based on the audit procedures performed, with the exception of the matters noted on pages 4-5, 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 2019.

Ratio	FY19	FY18 (restated)	FY17 (restated)	Significant Adverse Trend?
Current Ratio	0.932	1.327	1.089	No
Asset Sustainability Ratio	0.456	0.737	1.440	Yes
Debt Service Cover Ratio	8.721	5.527	9.533	No
Operating Surplus Ratio	0.014	-0.053	0.078	No
Own Source Revenue Coverage Ratio	0.936	0.958	0.971	No
Asset Consumption Ratio	0.691	0.702	0.689	No
Asset Renewal Funding Ratio	0.748	0.707	0.729	No

#### Our approach

- Reviewed the ratios presented by the City for the year ended 30 June 2019.
- Assessed the mathematical accuracy of the financial ratios.
- Recalculated the financial ratios prepared by the City.
- Reviewed the City's comments to ensure consistency with our understanding obtained during the audit.
- Verified the accuracy of the restatement of ratios for the matters noted in the restatement to the financial statements.
- Assessed whether any ratios constituted a significant adverse trend in accordance with the OAG guidance.

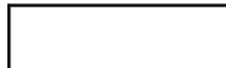
#### Conclusion

Based on the audit procedures performed, except for the adverse trends noted above, no reportable misstatements are noted.

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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 prior period errors, including the current year impact, as summarised on pages 4-5:

- Incorrect classification of term deposits as cash.
- Incorrect fair value assessment of the Marina Asset received by the City.
- Incorrect treatment of the City's interest in the SMRC.
- Incorrect treatment of the City's rehabilitation asset and provision for its landfill site.

### Uncorrected misstatements

The following uncorrected misstatement was identified in connection with the rehabilitation asset and provision:

Dr Rehabilitation Asset	\$1,817,096
Cr Provision Rehabilitation Liability	(\$1,817,096)

(Mathematical error due to differences in discount rate used in the calculation)

### 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 restatements 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 Risk 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 2019.

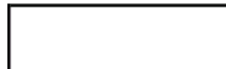
### Conclusion

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

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## KPMG Thought Leadership

## The Role of Those Charged With Governance



A great deal has been said recently about the board's role, and whether it is sufficient for directors to look after shareholder/owners' interests, or if there is a need for them to engage more broadly and embrace societal accountabilities.

KPMG and the AICD undertook a survey to seek insight from directors about some of the issues that they feel are shaping the way they govern their organisations.

## Impact on your community



Creating and retaining a position of trust amongst community stakeholders has never been more important, or indeed complex, for corporate Australia.

In today's environment, the impact that a company – its people, products and services – has on the community in which it operates is under constant public scrutiny.

## Inclusion &amp; Diversity Report 2018/19



Inclusion & Diversity is an integral part of how we conduct our business, not only within our organisation but also with our clients. Inclusion is about all of us, diversity is about each of us.

## Risk Reimagined – evolving risk management



In a rapidly changing global landscape, emerging risks are affecting businesses more than ever before. Managing risk should create sustainable value if it is viewed as a process that helps management achieve its business goals.

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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 2019, with the exception of requesting the City to confirm it did not recognise any value for its share of the RRRC assets based on its expectation that it believes nothing will be recoverable by 2023 when the loan is repaid.
<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> Emphasis of matter paragraph to be included for restatement of prior period balances identified.
<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>	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 asset revaluations and prior period restatements identified in Note 39 to the financial statements, were subject to correspondence, with management.

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## Important notice

This report is presented under the terms of our audit engagement letter.

- 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 2019. 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 summarises 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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## New Accounting Standards

New Accounting Standards  
effective for the 2019/20 financial  
year.

- AASB 15/1058: Revenue Recognition
- AASB 16: Lease Arrangements

### AASB 15/1058: Revenue Recognition

- AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of NFP (Not for Profit) Entities are applicable from 1 July 2019 for the City.
- The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.
- The timing of income recognition under AASB 1058 depends on whether such transactions give rise to a liability or other performance obligations or a contribution by owners related to an asset received by an entity to enable the entity to further its objectives.
- Risk that an inappropriate amount is estimated and recorded under the new accounting standards.

### AASB 16: Lease Arrangements

- AASB 16 removes the classification of leases as either operating or financing leases - for the lessee - effectively treating all leases as financial leases.
- Short term leases (less than 12 months) and leases of low value assets are exempt from the lease accounting requirements.
- Furthermore, there are changes in accounting over the life of the lease as a front-loaded pattern of expense will be recognised for most leases, even when a constant annual rental is paid.
- Lessor accounting remains similar to current practice.
- AASB 16 is effective for periods commencing on or after 1 July 2019, with early adoption permitted.

We understand that the City's assessment of these new Accounting Standards is in progress.

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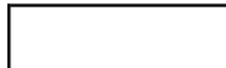
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The information contained in this document is of a general nature and is not intended to address the objectives, financial situation or needs of any particular individual or entity. It is provided for information purposes only and does not constitute, nor should it be regarded in any manner whatsoever, as advice and is not intended to influence a person in making a decision, including, if applicable, in relation to any financial product or an interest in a financial product. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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**INDEPENDENT AUDITOR'S REPORT****To the Councillors of the City of Cockburn****Report on the Audit of the Financial Report*****Opinion***

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

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

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

***Basis for Opinion***

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

***Emphasis of Matter – Basis of Accounting***

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

***Emphasis of Matter – Restatement of Comparative Balances***

I draw attention to Note 39 to the annual financial report which states that comparative amounts differ from those reported in the previously issued 30 June 2018 Financial Report because they have been restated to correct misstatements. My opinion is not modified in respect of this matter.

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

The Chief Executive Officer (CEO) of the City is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is



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necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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



**Report on Other Legal and Regulatory Requirements**

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the City:
  - a. The asset sustainability ratio as reported in Note 21 of the annual financial report has been below the Department of Local Government, Sport and Cultural Industries' standard for the last two financial years.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

**Other Matter**

The financial ratios for 2017 in Note 21 of the financial report were audited by another auditor when performing their audit of the City for the year ending 30 June 2017. The auditor expressed an unmodified opinion on the financial report for that year.

**Matters Relating to the Electronic Publication of the Audited Financial Report**

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

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

SASFC 11/12/2019

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**11. NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY MEMBERS OR OFFICERS**

Nil

**12. CONFIDENTIAL BUSINESS**

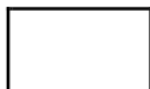
Nil

**13. CLOSURE OF MEETING**

The meeting closed at 6.47pm.

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## 11. FINANCE AND CORPORATE SERVICES DIVISION ISSUES

### 11.1 STATEMENT OF FINANCIAL ACTIVITY AND ASSOCIATED REPORTS - NOVEMBER 2019

**Author(s)** N Mauricio

**Attachments** 1. Statement of Financial Activity - November 2019



#### RECOMMENDATION

That Council:

- (1) adopt the Statement of Financial Activity and associated reports for November 2019, as attached to the Agenda; and
- (2) amend the 2019-2020 Municipal Budget in accordance with the detailed schedule attached as follows:

Revenue	416,074	Increase
Operating Expenditure	2,000	Increase
Capital Expenditure	854,113	Decrease
Transfers from Reserves	1,000,000	Decrease
Net impact on closing Municipal budget surplus	268,187	Increase

**TO BE CARRIED BY AN ABSOLUTE MAJORITY OF COUNCIL**

#### Background

The Agenda report was not available at the time of circulation of the Agenda Paper for the Ordinary Council Meeting of 12 December 2019, and therefore was presented to Elected Members on the day of the Meeting, being 12 December 2019. Due to the short timeframe which did not allow Elected Members to be fully informed to be able to make a good governance decision, this is now being presented to a Special Council Meeting.

*Local Government (Financial Management) Regulations 1996* prescribe that a Local Government is to prepare each month a Statement of Financial Activity.

Regulation 34(2) requires the Statement of Financial Activity to be accompanied by documents containing:–

1. Details of the composition of the closing net current assets (less restricted and committed assets);

2. Explanation for each material variance identified between YTD budgets and actuals; and
3. Any other supporting information considered relevant by the Local Government.

Regulation 34(4)(a) prescribes that the Statement of Financial Activity and accompanying documents be presented to Council within two months after the end of the month to which the statement relates. The regulations require the information reported in the statement to be shown either by nature and type, statutory program or business unit. The City chooses to report the information according to its organisational business structure, as well as by nature and type. Local Government (Financial Management) Regulations - Regulation 34 (5) states "Each financial year, a Local Government is to adopt a percentage or value, calculated in accordance with the AAS, to be used in statements of financial activity for reporting material variances."

This regulation requires Council to annually set a materiality threshold for the purpose of disclosing budget variances within monthly financial reporting and Council adopted at the July 2019 meeting to set a materiality threshold of \$300,000 for the 2019-2020 financial year (FY). Detailed analysis of budget variances is an ongoing exercise, with necessary budget amendments either submitted to Council each month via this standing agenda item or included in the City's mid-year budget review, as required by legislation.

### **Submission**

N/A

### **Report**

Given there will be no Council meeting held in January 2020, there is a requirement to adopt the November financial report at the December meeting (in addition to the October report). This ensures Council complies with the legislative requirement to present the report within two months after the end of the reporting month.

### **Opening Surplus**

The unaudited opening surplus position brought forward from FY 2018-19 is currently reported at \$12.50 million. However, this will drop following audit completion to \$7.24 million (a \$5.26 million reduction). The predominant reason for this significant decrease was the take up of a current provision for rehabilitating the Henderson landfill site (\$5.17 million). This became a requirement under Australian Accounting Standards, given the planned capping of cell 6 later this financial year. Whilst this will cause an initial budget variance in the opening funds for

FY 2019-20, the allocation of funding for the capping of cell 6 (from the Waste & Recycling Reserve) will rebalance the budget.

### *Closing Surplus*

The City's actual closing surplus position for the month of \$99.61 million was \$5.69 million up on the YTD budget. The closing surplus is a large number at the start of each financial year, due to the inclusion of the annual rates revenue in the month of July. It then progressively reduces during the year as the City delivers its programs and services. The YTD budget variance in the surplus reflects the sum of all budget variances across the operating and capital programs as further detailed in this report.

The FY 2019-20 revised budget is currently showing a closing surplus of \$67,246 (up from \$12,771 in the adopted budget).

### *Operating Revenue*

Operating revenue of \$129.15 million was over the YTD budget by \$2.60 million. A significant portion of the City's operating revenue is brought to account in July each year upon the issue of the annual rates notices. The remaining revenue, largely comprising service fees, operating grants, contributions and interest earnings, flows relatively uniformly over the remainder of the year.

The following table summarises the operating revenue budget performance by nature and type:

<b>Nature or Type Classification</b>	<b>Actual Revenue \$M</b>	<b>Revised Budget YTD \$M</b>	<b>Variance to Budget \$M</b>	<b>FY Revised Budget \$M</b>
Rates	105.41	104.75	0.66	105.62
Specified Area Rates	0.57	0.52	0.05	0.56
Fees and Charges	15.63	14.32	1.31	29.30
Operating Grants and Subsidies	4.29	4.07	0.23	10.28
Contributions, Donations, Reimbursements	0.62	0.56	0.06	1.34
Interest Earnings	2.63	2.34	0.29	5.14

<b>Nature or Type Classification</b>	<b>Actual Revenue \$M</b>	<b>Revised Budget YTD \$M</b>	<b>Variance to Budget \$M</b>	<b>FY Revised Budget \$M</b>
<b>Total</b>	<b>129.15</b>	<b>126.55</b>	<b>2.60</b>	<b>152.24</b>

The material variance identified for the month included:

- Rates (\$0.66 million above YTD budget)
  - Part year rating is ahead of YTD budget by \$0.58 million
- Fees and Charges (\$1.31 million above YTD budget)
  - The City has transferred relinquished/forfeited performance and defect liability bonds totalling \$0.70 million for the year. The budget will be updated with the adoption of the October and November financial reports at the December Council meeting.

#### *Operating Expenditure*

Operating expenditure of \$60.44 million was under the YTD budget by \$3.50 million.

The following table shows the operating expenditure budget variance at the nature and type level. The internal recharging credits reflect the amount of internal costs capitalised against the City's assets:

<b>Nature or Type Classification</b>	<b>Actual Expenses \$M</b>	<b>Revised Budget YTD \$M</b>	<b>Variance to Budget \$M</b>	<b>FY Revised Budget \$M</b>
Employee Costs - Direct	22.93	23.63	0.69	57.33
Employee Costs - Indirect	0.40	0.41	0.02	1.58
Materials and Contracts	15.58	18.00	2.42	41.27
Utilities	2.20	2.39	0.19	5.72
Interest Expenses	0.39	0.42	0.02	2.28
Insurances	1.67	1.72	0.05	1.56

Nature or Type Classification	Actual Expenses \$M	Revised Budget YTD \$M	Variance to Budget \$M	FY Revised Budget \$M
Other Expenses	3.58	3.47	(0.11)	9.48
Depreciation (non-cash)	14.06	14.05	(0.00)	33.71
Amortisation (non-cash)	0.48	0.48	0.00	1.14
Internal Recharging-CAPEX	(0.84)	(0.62)	0.22	(1.57)
<b>Total</b>	<b>60.44</b>	<b>63.94</b>	<b>3.50</b>	<b>152.52</b>

The material variance identified for the month included:

- Material and Contracts (\$2.42 million under YTD budget):
  - Parks & Environmental Services was \$0.67 million under YTD budget with Environmental Management under by \$0.41 million, primarily due to the Roe 8 land rehabilitation project (under by \$0.28 million).
  - Recreation and Community Safety were under spent by \$0.41 million at month's end, with the Cockburn ARC contributing \$0.24 million to this result.
  - Community Development Services were \$0.53 million under YTD budget with the most significant contributor being Aged and Disabled Services at \$0.24 million under (with very little contract spending to date).

#### *Capital Expenditure*

The City's adopted capital budget of \$43.38 million has increased to \$68.67 million, primarily due to the addition of carried forward works and projects. During the month \$2.5 million for the purchase of land for Verde Drive was reclassified out of the capital budget, as indicated in last month's report. Land acquired for roads is Crown land and not held as an asset of the City.



At the end of the month, the City had actual spending of \$12.44 million against a YTD budget of \$12.77 million (\$0.32 million under budget).

The following table details this budget variance by asset class:

<b>Asset Class</b>	<b>YTD Actuals \$M</b>	<b>YTD Budget \$M</b>	<b>YTD Variance \$M</b>	<b>Revised Budget \$M</b>	<b>Commit Orders \$M</b>
Roads Infrastructure	4.19	2.04	-2.15	25.59	5.10
Drainage	0.36	0.51	0.14	2.32	0.13
Footpaths	0.55	0.32	-0.23	2.13	0.40
Parks Infrastructure	2.84	3.68	0.85	12.06	2.00
Landfill Infrastructure	0.21	0.29	0.08	0.56	0.14
Freehold Land	0.00	0.20	0.20	0.20	0.17
Buildings	2.26	2.40	0.14	16.81	2.45
Furniture & Equipment	0.02	0.03	0.01	0.03	0.01
Information Technology	0.48	1.27	0.80	2.13	0.57
Plant & Machinery	1.13	1.67	0.54	5.23	2.37
Marina Infrastructure	0.42	0.37	-0.05	1.63	0.25
<b>Total</b>	<b>12.44</b>	<b>12.77</b>	<b>0.32</b>	<b>68.67</b>	<b>13.60</b>

Significant project budget variances recorded for the month are detailed below:

- Roads Infrastructure (over by \$2.15 million)
  - A payment to Main Roads of \$2.0 million for the Karel Ave upgrade was made ahead of the budget cash flow (timing variance only).
- Parks Infrastructure (under by \$0.85 million)
  - The parks construction program is \$0.54 million behind the budget cash flow (timing variance only).
- Information Technology (under by \$0.80 million):
  - Various software and technology infrastructure projects were collectively \$0.62 million under the YTD budget.
  - The CCTV construction program was \$0.17 million under YTD budget
- Plant and Machinery (under by \$0.54 million):
  - The light fleet replacement program is trailing the YTD budget by \$0.49 million.

*Capital Funding*

Capital funding sources are highly correlated to capital spending, the sale of assets and the rate of development within the City (determining developer contributions received). Material variances identified for the month were:

- Capital grants & subsidies (over by \$1.03 million):
  - CSRFF funding for Lakelands was ahead of budget cash flow by \$0.34 million;
  - Roads to Recovery grant received of \$0.37 million allocated to Verde Drive project but not originally budgeted.
- Proceeds from sale of assets (over by \$0.22 million);
  - The City sold 46 Riverina Parade, Munster for \$0.34 million (ex GST), which wasn't originally budgeted. This was included as a budget adjustment in the October report to Council.

*Reserve Transfers*

- Transfers from reserves of \$16.21 million were \$1.83 million under YTD budget.
  - Reserve funding transfers for the City's capital works program were collectively \$2.20 million below YTD budget.
- Transfers to financial reserves of \$4.66 million were on track overall against the YTD budget of \$4.72 million, with no material variances identified.

*Cash and Investments*

The closing cash and financial investment holding at month's end totalled \$211.63 million, down from \$213.82 million the previous month. \$131.32 million of this comprises the City's financial reserves (slightly down on \$133.49 million last month). Another \$4.93 million is held against the City's bonds and deposits liability. The remaining \$75.38 million represented available funding to cover operational requirements over the 2019-20 FY.

*Investment Performance, Ratings and Maturity*

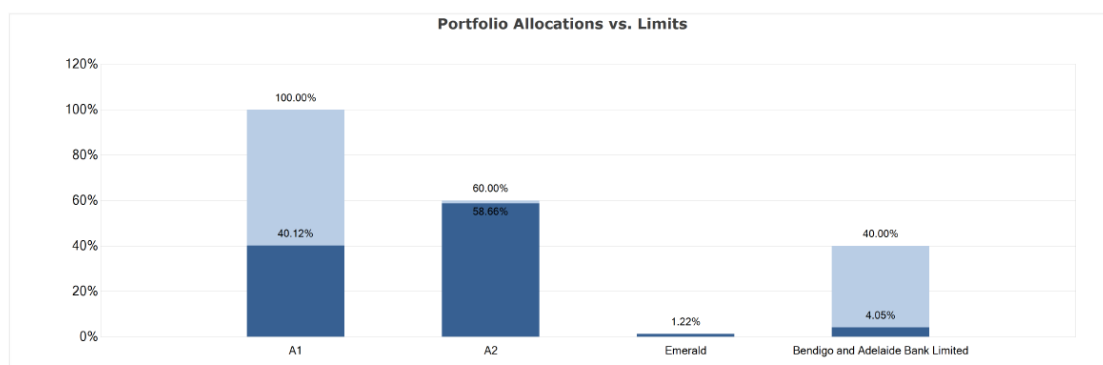
The cash rate was most recently cut by the Reserve Bank of Australia (RBA) at its October meeting to a record low of 0.75 per cent. The statement issued with the decision indicated the RBA's expectation that

an extended period of low interest rates is needed in order to assist the nation achieve full employment and hit inflation targets. The RBA Governor has stated that a cash rate of 0.25% would be the lowest possible, before considering quantitative easing measures (introduction of new money into the economy through the purchase of government bonds). Markets are now starting to price another two rate cuts by June 2020, which will negatively impact on the City's interest revenue for 2019-20. The budgeted \$4.4 million in interest revenue is likely to be revised downwards by up to \$0.5 million at the mid-year budget review.

The City's investment portfolio yielded a weighted annualised return of 1.99 percent for the month (down from 2.08% last month and 2.19% the month before). This outperformed the City's target rate of 1.85 percent (RBA cash rate of 0.75 percent plus 1.10 percent performance margin) by 0.14 percent. Interest earnings to the end of the month on the City's investments were \$1.96 million, outperforming the YTD budget by \$0.21 million. This outperformance position will deteriorate as the year progresses due to lower interest rates on reinvestment.

The City's surplus funds are invested in term deposit (TD) products placed with highly rated APRA (Australian Prudential Regulation Authority) regulated Australian and foreign owned banks. All current investments held are compliant with what's allowed under Council's Investment Policy, other than those made under previous policy and statutory provisions and since grandfathered by updated legislation. Specifically, these are Australian reverse mortgage funds having a current face value of \$2.562 million and book value of \$0.987 million (net of a \$1.575 million impairment provision previously booked). These continue to pay attractive interest coupons and slowly return capital (\$0.438 million returned to date from the original \$3.0 million investment).

The City's TD investments fall within the following Standard and Poor's short term risk rating categories. During the month, the A-2 holding increased slightly from 55.7 percent to 58.66 percent. This remains within the policy limit of 60 percent, with all other policy compliance requirements also being met by the portfolio:



Category	Item	Limit Type	Limit	Actual	Variance	Test
Group	A1	Maximum	100.00%	40.12%	59.88%	Compliant
	A2	Maximum	60.00%	58.66%	1.34%	Compliant
	Emerald	Maximum	1.22%	1.22%	0.00%	Compliant
	Bendigo and Adelaide Bank Limited	Maximum	40.00%	4.05%	35.95%	Compliant

*Figure 1: Portfolio allocations compared to Investment Policy limits*

Given the negative outlook for future interest rates, the current investment strategy aims to secure the best rate on offer for the longest possible period, subject to cash flow planning and investment policy requirements. The Council's investment policy is also being reviewed in order to take greater advantage of higher interest rates offered by A2 financial institutions. An updated policy was presented to the November Delegated Authorities & Policies (DAP) committee meeting.

The City's TD investment portfolio duration as at the end of the month was 168 days (down from 171 days last month). The maturity profile of the City's TD investments is graphically depicted below, showing adequate maturities across the next six months to meet liquidity requirements (generally at least \$15 million each month):

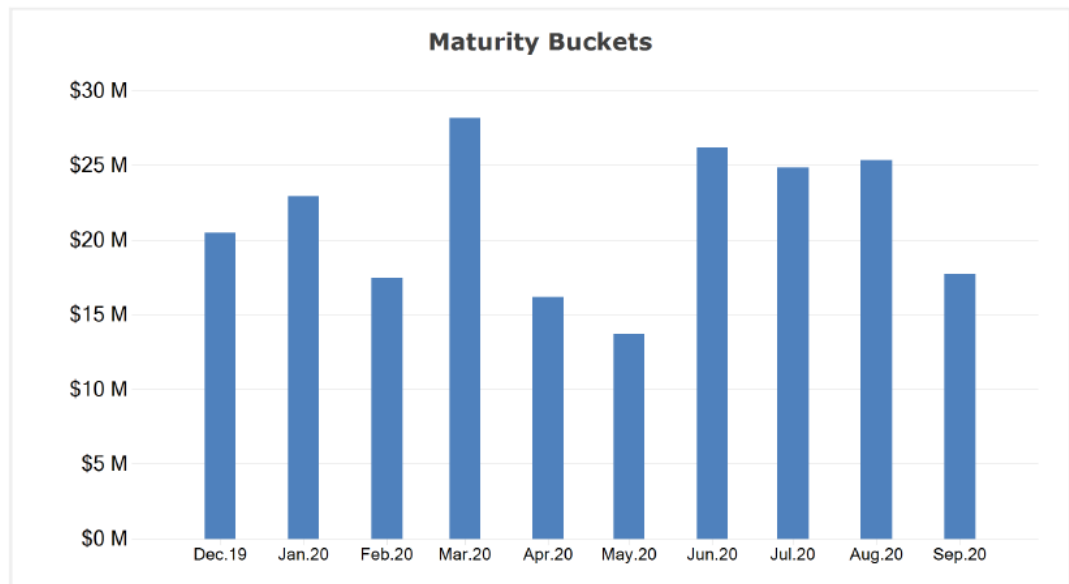


Figure 2: Council Investment Maturity Profile

### *Investment in Fossil Fuel Free Banks*

At month end, the City held 62 percent of its TD investment portfolio with banks considered non-funders of fossil fuel related industries (unchanged from 62 percent last month). The amount invested with fossil fuel free banks will fluctuate month to month in line with policy limits and the deposit rates available at time of placement.

### *Rates Debt Recovery*

At month's end, the City had \$44.8 million in outstanding rates and property charges (down from \$48.0 million last month). This amount did not factor \$0.81 million in prepaid rates (will be applied to next year's rates revenue). This represented 33.5 percent in uncollected charges against the \$133.5 million total rates levied to month's end (inclusive of prior year outstanding balances and part year rating).

In terms of overdue rates accounts, the City had 612 properties owing \$1.65 million under legal debt recovery processes (down from 633 properties owing a total of \$1.72 million last month).

### *Budget Amendments*

The following budget amendments require Council adoption:

- Defects & maintenance bonds totalling another \$270,187 have been forfeited during the month (\$430,158 forfeited last month). These are generally associated with bonded works for land developments more than 10 years old (funds will increase closing budget surplus).
- An additional \$145,887 was received in direct road grant from Main Roads and this has been allocated towards traffic safety management initiatives.

- The Wetlands Education Centre construction budget was overstated by \$1.0 million, due to a funding allocation from the Community Infrastructure Reserve of \$1.0 million being doubled up in both the 2019-20 adopted budget and the 2018-19 carried forwards. Total budget for the project is \$6.0 million.
- Welcome Kit for Residents budget of \$2,000 was left out of the adopted annual budget (funded from budget surplus).

The attached financial report includes a schedule with these proposed budget changes and the associated funding sources.

#### *Description of Graphs and Charts*

There is a bar graph tracking Business Unit operating expenditure against budget. This provides a quick view of how the different units are tracking and the comparative size of their budgets.

The Capital Expenditure graph tracks the YTD capital spends against the budget. It also includes an additional trend line for the total of YTD actual expenditure and committed orders. This gives a better indication of how the capital budget is being exhausted, rather than just purely actual cost alone.

A liquidity graph shows the level of Council's net current position (adjusted for restricted assets) and trends this against previous years. This gives a good indication of Council's capacity to meet its financial commitments over the course of the year. Council's overall cash and investments position is provided in a line graph with a comparison against the YTD budget and the previous year's position at the same time.

Pie charts included show the break-up of actual operating income and expenditure by nature and type and the make-up of Council's current assets and liabilities (comprising the net current position).

#### *Trust Fund*

At month's end, the City held \$5.72 million within its trust fund, comprising the total of POS cash in lieu contributions being held for future requirements.

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

#### Leading and Listening

Deliver sustainable governance through transparent and robust policy and processes

Listen to and engage with our residents, business community and ratepayers with greater use of social media

**Budget/Financial Implications**

The 2019-20 FY revised budget surplus contained in the November Statement of Financial Activity is \$36,578. This will increase by a further \$268,187 to \$304,765 following the adoption of the budget amendments in this report.

**Legal Implications**

N/A

**Community Consultation**

N/A

**Risk Management Implications**

Council's adopted budget for revenue, expenditure and the closing financial position will misrepresent actual financial outcomes if the recommendation amending the budget is not adopted. Further, some services and projects may be disrupted if budgetary requirements are not appropriately addressed.

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

N/A

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

Nil

## STATEMENT OF FINANCIAL ACTIVITY

for the period ended 30 November 2019

	Actuals	YTD Revised Budget	Variance to YTD Budget	\$ Variance to YTD Budget	Revised Budget	Adopted Budget
	\$	\$	%	\$	\$	\$
<b>Operating Revenue</b>						
Governance	(37,434)	-	0%	(37,434)	-	-
Financial Services	110,623,173	108,848,517	2%	1,774,656 ✓	113,584,067	117,846,000
Information Services	-	625	-100%	(625)	1,500	1,500
Human Resource Management	87,047	121,663	-28%	(34,617)	292,000	292,000
Library Services	20,960	23,394	-10%	(2,434)	56,146	56,146
Recreation & Community Safety	5,603,014	5,299,260	6%	303,754 ✓	13,058,788	13,034,278
Community Development & Services	3,747,103	3,762,029	0%	(14,926)	8,599,857	8,599,857
Corporate Communications	4,311	37,150	-88%	(32,839)	118,600	118,600
Governance & Risk	1,418	333	325%	1,084	800	800
Statutory Planning	367,226	390,128	-6%	(22,902)	1,002,000	1,002,000
Strategic Planning	1,624,760	1,510,637	8%	114,123	3,126,262	3,126,262
Building Services	654,249	665,197	-2%	(10,949)	1,334,014	1,334,014
Environmental Health	301,435	262,292	15%	39,143	333,500	333,500
Waste Services	5,072,765	4,879,604	4%	193,161	8,604,255	8,558,998
Parks & Environmental Services	151,676	(81,840)	-285%	233,516 ✓	838,166	1,482,623
Engineering Services	66,920	86,250	-22%	(19,330)	291,000	281,000
Infrastructure Services	860,476	747,847	15%	112,630	1,003,350	1,003,350
	129,149,097	126,553,086	2%	2,596,011	152,244,304	157,070,927
<b>Total Operating Revenue</b>	<b>129,149,097</b>	<b>126,553,086</b>	<b>2%</b>	<b>2,596,011</b>	<b>152,244,304</b>	<b>157,070,927</b>
<b>Operating Expenditure</b>						
Governance	(1,351,614)	(1,352,564)	0%	950	(3,318,709)	(3,530,263)
Strategy & Civic Support	(382,862)	(464,022)	-17%	81,160	(1,209,377)	(1,188,978)
Financial Services	(3,536,011)	(3,445,288)	3%	(90,723)	(6,300,250)	(6,218,115)
Information Services	(2,940,498)	(3,078,849)	-4%	138,351	(6,747,811)	(6,410,628)
Human Resource Management	(1,174,248)	(1,206,289)	-3%	32,041	(3,003,966)	(2,952,449)
Library Services	(1,467,834)	(1,706,009)	-14%	238,175 ✓	(4,049,223)	(3,988,344)
Recreation & Community Safety	(6,555,630)	(7,092,118)	-8%	536,488 ✓	(17,019,937)	(16,874,107)
Community Development & Services	(4,596,459)	(5,181,385)	-11%	584,926 ✓	(13,227,499)	(12,774,540)
Corporate Communications	(1,441,353)	(1,586,287)	-9%	144,933	(4,112,373)	(3,997,821)
Governance & Risk	(194,101)	(195,764)	-1%	1,662	(472,875)	(472,875)
Statutory Planning	(532,189)	(559,020)	-5%	26,831	(1,428,683)	(1,428,683)
Strategic Planning	(820,097)	(760,284)	8%	(59,813)	(1,889,225)	(1,889,225)
Building Services	(648,123)	(688,359)	-6%	40,237	(1,716,537)	(1,716,537)
Environmental Health	(755,446)	(846,544)	-11%	91,098	(2,021,780)	(2,015,928)
Waste Services	(7,063,338)	(7,396,986)	-5%	333,648 ✓	(17,214,261)	(17,144,443)
Parks & Environmental Services	(5,672,607)	(6,613,477)	-14%	940,869 ✓	(16,444,591)	(16,489,237)
Engineering Services	(3,338,257)	(3,313,454)	1%	(24,803)	(8,039,233)	(7,989,249)
Infrastructure Services	(4,271,980)	(4,544,409)	-6%	272,429 ✓	(11,016,387)	(10,869,941)
	(46,742,647)	(50,031,106)	-7%	3,288,460	(119,232,719)	(117,951,365)



## STATEMENT OF FINANCIAL ACTIVITY

for the period ended 30 November 2019

	Actuals	YTD Revised Budget	Variance to YTD Budget	\$ Variance to YTD Budget		Revised Budget	Adopted Budget
	\$	\$	%	\$		\$	\$
<b>Less: Net Internal Recharging</b>	837,240	617,205	36%	220,035	✓	1,569,949	1,515,474
<b>Add: Depreciation &amp; Amortisation on Non-Current Assets</b>							
Computer Equipment	(648,055)	(648,055)	0%	-		(1,555,332)	(1,555,332)
Furniture and Equipment	(149,610)	(149,610)	0%	-		(359,052)	(359,052)
Plant & Machinery	(1,375,600)	(1,362,040)	1%	(13,560)		(3,249,355)	(3,249,355)
Buildings	(2,659,625)	(2,659,625)	0%	-		(6,383,100)	(6,383,100)
Infrastructure - Roads	(5,078,960)	(5,078,960)	0%	-		(12,189,504)	(12,189,504)
Infrastructure - Drainage	(1,113,225)	(1,123,225)	-1%	10,000		(2,695,740)	(2,695,740)
Infrastructure - Footpaths	(594,965)	(594,965)	0%	-		(1,427,916)	(1,427,916)
Infrastructure - Parks Equipment	(1,987,095)	(1,987,095)	0%	-		(4,769,028)	(4,769,028)
Landfill Infrastructure	(476,245)	(476,245)	0%	-		(1,142,988)	(1,142,988)
Marina Infrastructure	(433,495)	(433,495)	0%	-		(1,040,400)	(1,040,400)
Leased Equipment	(17,170)	(17,170)	0%	-		(41,200)	(41,200)
	<b>(14,534,045)</b>	<b>(14,530,485)</b>	<b>0%</b>	<b>(3,560)</b>		<b>(34,853,615)</b>	<b>(34,853,615)</b>
<b>Total Operating Expenditure</b>	<b>(60,439,451)</b>	<b>(63,944,386)</b>	<b>-5%</b>	<b>3,504,935</b>		<b>(152,516,385)</b>	<b>(151,289,506)</b>
<b>Change in Net Assets Resulting from Operations</b>	<b>68,709,645</b>	<b>62,608,700</b>	<b>10%</b>	<b>6,100,945</b>		<b>(272,081)</b>	<b>5,781,421</b>
<b>Non-Operating Activities</b>							
<b>Profit/(Loss) on Assets Disposal</b>							
Plant and Machinery	294,586	(272,330)	-208%	566,916	✓	(328,092)	(590,592)
Freehold Land	1,376,364	1,100,000	25%	276,364	✓	1,100,000	-
Furniture and Equipment	-	-	0%	-		-	-
Buildings	-	-	0%	-		-	-
	<b>1,670,949</b>	<b>827,670</b>	<b>102%</b>	<b>843,279</b>		<b>771,908</b>	<b>(590,592)</b>
<b>Capital Expenditure</b>							
Computer Equipment	(478,059)	(1,274,046)	-62%	795,987	✓	(2,129,883)	(1,165,620)
Furniture and Equipment	(20,000)	(29,472)	-32%	9,472		(29,472)	-
Plant & Machinery	(1,130,183)	(1,666,000)	-32%	535,817	✓	(5,228,000)	(3,870,000)
Land	(4,467)	(200,000)	-98%	195,533		(200,000)	-
Buildings	(2,255,357)	(2,396,933)	-6%	141,576		(16,808,644)	(10,244,500)
Infrastructure - Roads	(4,185,124)	(2,039,648)	105%	(2,145,476)	X	(25,590,648)	(19,303,359)
Infrastructure - Drainage	(364,202)	(505,271)	-28%	141,069		(2,319,397)	(1,318,000)
Infrastructure - Footpaths	(546,898)	(316,770)	73%	(230,128)	X	(2,125,791)	(1,439,268)
Infrastructure - Parks Equipment	(2,513,297)	(3,096,614)	-19%	583,317	✓	(10,487,844)	(4,812,000)
Infrastructure - Parks Landscaping	(322,248)	(585,801)	-45%	263,553	✓	(1,568,440)	(620,000)
Landfill Infrastructure	(205,266)	(286,940)	-28%	81,674		(556,251)	(179,000)
Marina Infrastructure	(417,903)	(370,470)	13%	(47,433)		(1,626,176)	(425,000)
<b>Note 1.</b>	<b>(12,443,004)</b>	<b>(12,767,964)</b>	<b>-3%</b>	<b>324,960</b>		<b>(68,670,546)</b>	<b>(43,376,747)</b>

# STATEMENT OF FINANCIAL ACTIVITY

for the period ended 30 November 2019

	Actuals	YTD Revised Budget	Variance to YTD Budget	\$ Variance to YTD Budget	Revised Budget	Adopted Budget
	\$	\$	%	\$	\$	\$
<b>Add: Land - Vested in Crown</b>	(2,800)	-	0%	(2,800)	(2,500,000)	-
<b>Add: Transfer to Reserves</b>	(4,656,087)	(4,718,275)	-1%	62,188	(39,103,831)	(27,595,783)
<b>Add Funding from</b>						
Non-Operating Grants and Subsidies	1,863,772	837,343	123%	1,026,429 ✓	6,680,069	6,058,933
Non-Government Contributions	29,103	61,290	-53%	(32,187)	3,832,174	2,150,000
Developers Contributions Plans: Cash	1,389,899	1,460,399	-5%	(70,500)	4,080,000	4,080,000
Proceeds on Sale of Assets	1,670,949	1,455,000	15%	215,949 ✓	2,277,500	915,000
Reserves	16,214,035	18,043,881	-10%	(1,829,847) ✗	48,951,629	17,646,331
	<b>21,167,758</b>	<b>21,857,914</b>	<b>-3%</b>	<b>(690,155)</b>	<b>65,821,372</b>	<b>30,850,264</b>
<b>Non-Cash/Non-Current Item Adjustments</b>						
Depreciation on Assets	14,057,800	14,054,240	0%	3,560	33,710,627	33,710,627
Amortisation on Assets	476,245	476,245	0%	-	1,142,988	1,142,988
Profit/(Loss) on Assets Disposal	(1,670,949)	(827,670)	102%	(843,279) ✓	(771,908)	590,592
Loan Repayments	-	-	0%	-	(2,500,000)	(2,500,000)
Non-Current Accrued Debtors	(288,251)	-	0%	(288,251) ✓	-	-
Non-Current Leave Provisions	79,521	-	0%	79,521	-	-
Deferred Pensioners Adjustment	15,553	-	0%	15,553	-	-
	<b>12,669,919</b>	<b>13,702,815</b>	<b>-8%</b>	<b>(1,032,896)</b>	<b>31,581,707</b>	<b>32,944,207</b>
<b>Add: Surplus/(Deficit) B/F July 1</b>	12,496,664	12,408,048	1%	88,616	12,408,048	2,000,000
<b>Less: Surplus/(Deficit) C/F</b>	<b>99,613,045</b>	<b>93,918,907</b>	<b>6%</b>	<b>5,694,138</b>	<b>36,578</b>	<b>12,771</b>
	-	-	-	-	-	-

## Notes to Statement of Financial Activity

## Note 1.

Additional information on the capital works program including committed orders at end of month:

Assets Classification	Actuals \$	Commitments at Month End \$	Commitments & Actuals YTD	YTD Revised Budget	Full Year Revised Budget \$	Uncommitted at Month End \$
Computer Equipment	(478,059)	(553,526)	(1,031,585)	(1,274,046)	(2,129,883)	1,098,298
Furniture and Equipment	(20,000)	-	(20,000)	(29,472)	(29,472)	9,472
Plant & Machinery	(1,130,183)	(2,291,529)	(3,421,712)	(1,666,000)	(5,228,000)	1,806,288
Land	(4,467)	-	(4,467)	(200,000)	(200,000)	195,533
Buildings	(2,255,357)	(2,416,598)	(4,671,955)	(2,396,933)	(16,808,644)	12,136,689
Infrastructure - Roads	(4,185,124)	(4,781,838)	(8,966,962)	(2,039,648)	(25,590,648)	16,623,686
Infrastructure - Drainage	(364,202)	(123,663)	(487,865)	(505,271)	(2,319,397)	1,831,532
Infrastructure - Footpaths	(546,898)	(354,904)	(901,802)	(316,770)	(2,125,791)	1,223,988
Infrastructure - Parks Equipment	(2,513,297)	(1,735,976)	(4,249,272)	(3,096,614)	(10,487,844)	6,238,572
Infrastructure - Parks Landscaping	(322,248)	(263,656)	(585,904)	(585,801)	(1,568,440)	982,536
Landfill Infrastructure	(205,266)	(129,450)	(334,716)	(286,940)	(556,251)	221,535
Marina Infrastructure	(417,903)	(477,291)	(895,195)	(370,470)	(1,626,176)	730,981
	(12,443,004)	(13,128,431)	(25,571,435)	(12,767,964)	(68,670,546)	43,099,111

## Note 2.

Closing Funds in the Financial Activity Statement are represented by:

	Actuals \$	YTD Revised Budget \$	Full Year Revised Budget \$	Adopted Budget \$
<b>Current Assets</b>				
Cash & Investments	210,644,271	209,560,820	120,128,833	134,040,426
Rates Outstanding	42,841,880	3,500,000	3,500,000	3,500,000
Rubbish Charges Outstanding	181,278	50,000	50,000	50,000
Sundry Debtors	4,703,992	2,884,300	2,884,300	2,884,300
GST Receivable	835,455	-	-	-
Prepayments	182,006	100,000	100,000	100,000
Accrued Debtors	2,330,544	-	-	-
Stock on Hand	11,981	15,000	15,000	15,000
	261,731,406	216,110,120	126,678,133	140,589,726
<b>Current Liabilities</b>				
Creditors	(18,300,172)	(5,768,600)	(6,154,801)	(6,154,801)
Income Received in Advance	(1,026,661)	(1,200,000)	(1,200,000)	(1,200,000)
GST Payable	(228,026)	-	-	-
Withholding Tax Payable	-	-	-	-
Provision for Annual Leave	(4,256,892)	(4,000,000)	(4,000,000)	(4,000,000)
Provision for Long Service Leave	(3,043,055)	(2,400,000)	(2,400,000)	(2,400,000)
	(26,854,807)	(13,368,600)	(13,754,801)	(13,754,801)
<b>Net Current Assets</b>	234,876,599	202,741,520	112,923,331	126,834,925
<b>Add: Non Current Investments</b>	987,040	1,000,000	1,000,000	1,000,000
	235,863,639	203,741,520	113,923,331	127,834,925
<b>Less: Restricted/Committed Assets</b>				
Cash Backed Reserves #	(131,323,222)	(104,569,963)	(108,025,104)	(127,822,154)
Deposits & Bonds Liability *	(4,927,373)	(5,252,650)	(5,861,650)	-
	99,613,045	93,918,907	36,578	12,771
<b>Closing Funds (as per Financial Activity Statement)</b>	99,613,045	93,918,907	36,578	12,771

# See attached Reserve Fund Statement

\* See attached Restricted Funds Analysis

Note 3.

Amendments to original budget since budget adoption. Surplus/(Deficit)

Ledger	Project/ Activity	Description	Council Resolution	Classification	Non Change (Non Cash Items) Adjust.	Increase in Available Cash	Decrease in Available Cash	Amended budget Running Balance
					\$	\$	\$	\$
		<b>Budget Adoption</b>		<b>Closing Funds Surplus(Deficit)</b>				<b>12,771</b>
Various		ABC allocation adjustments	OCM 12/09/19		54,475			<b>67,246</b>
CW	5983	Balancing DCP13 funded project	OCM 14/11/19				30,668	<b>36,578</b>
		<b>Closing Funds Surplus (Deficit)</b>			<b>54,475</b>	<b>0</b>	<b>30,668</b>	<b>36,578</b>

## Statement of Comprehensive Income *by Nature and Type*

for the period ended 30 November 2019

	Actual	Amended YTD Budget	\$ Variance to YTD Budget	Forecast	Amended Budget	Adopted Budget
	\$	\$	\$	\$	\$	\$
<b>OPERATING REVENUE</b>						
01 Rates	105,414,864	104,752,508	662,356	106,284,824	105,622,468	107,680,000
02 Specified Area Rates	573,107	520,000	53,107	608,107	555,000	490,000
05 Fees and Charges	15,625,279	14,318,448	1,306,831	30,603,288	29,296,458	29,361,458
10 Grants and Subsidies	4,291,367	4,065,404	225,963	10,510,495	10,284,532	13,203,983
15 Contributions, Donations and Reimbursements	615,400	560,319	55,081	1,396,455	1,341,374	1,191,014
20 Interest Earnings	2,629,080	2,336,407	292,673	5,437,146	5,144,473	5,144,473
25 Other revenue and Income	-	-	-	-	-	-
<b>Total Operating Revenue</b>	<b>129,149,097</b>	<b>126,553,086</b>	<b>2,596,011</b>	<b>154,840,315</b>	<b>152,244,304</b>	<b>157,070,927</b>
<b>OPERATING EXPENDITURE</b>						
50 Employee Costs - Salaries & Direct Oncosts	(22,932,501)	(23,626,577)	694,076	(56,639,371)	(57,333,447)	(57,343,930)
51 Employee Costs - Indirect Oncosts	(396,492)	(414,110)	17,617	(1,560,852)	(1,578,469)	(1,578,469)
55 Materials and Contracts	(15,576,109)	(17,995,993)	2,419,885	(38,848,213)	(41,268,097)	(39,976,260)
65 Utilities	(2,198,772)	(2,389,162)	190,390	(5,534,550)	(5,724,940)	(5,724,940)
70 Interest Expenses	(393,981)	(416,750)	22,769	(2,261,856)	(2,284,625)	(2,284,625)
75 Insurances	(1,669,630)	(1,720,700)	51,070	(1,509,630)	(1,560,700)	(1,560,700)
80 Other Expenses	(3,575,161)	(3,467,814)	(107,347)	(9,589,789)	(9,482,441)	(9,482,441)
85 Depreciation on Non Current Assets	(14,057,800)	(14,054,240)	(3,560)	(33,714,187)	(33,710,627)	(33,710,627)
86 Amortisation on Non Current Assets	(476,245)	(476,245)	-	(1,142,988)	(1,142,988)	(1,142,988)
<b>Add Back:</b> Indirect Costs Allocated to Capital Works	837,240	617,205	220,035	1,789,984	1,569,949	1,515,474
<b>Total Operating Expenditure</b>	<b>(60,439,451)</b>	<b>(63,944,386)</b>	<b>3,504,935</b>	<b>(149,011,450)</b>	<b>(152,516,385)</b>	<b>(151,289,506)</b>
<b>CHANGE IN NET ASSETS RESULTING FROM OPERATING ACTIVITIES</b>	<b>68,709,645</b>	<b>62,608,700</b>	<b>6,100,945</b>	<b>5,828,865</b>	<b>(272,081)</b>	<b>5,781,421</b>
<b>NON-OPERATING ACTIVITIES</b>						
11, 16 Non-Operating Grants, Subsidies and Contributions	1,892,875	898,633	994,242	11,506,485	10,512,243	8,208,933
18 Developers Contributions Plans: Cash	1,389,899	1,460,399	(70,500)	4,009,500	4,080,000	4,080,000
95 Profit/(Loss) on Sale of Assets	1,670,949	827,670	843,279	1,615,187	771,908	(590,592)
<b>Total Non-Operating Activities</b>	<b>4,950,923</b>	<b>3,186,702</b>	<b>1,764,221</b>	<b>14,628,372</b>	<b>12,864,151</b>	<b>11,698,341</b>
<b>NET RESULT</b>	<b>73,660,569</b>	<b>65,795,402</b>	<b>7,865,166</b>	<b>20,457,237</b>	<b>12,592,070</b>	<b>17,479,762</b>

## Notes to Statement of Comprehensive Income

### Note 1.

Additional information on main sources of revenue in fees & charges.

	Actual	Amended YTD Budget	Amended Budget	Adopted Budget
	\$	\$	\$	\$
<b><u>Recreation &amp; Community Safety</u></b>				
Recreational Services	310,293	250,763	601,830	601,830
Law and Public Safety	309,083	155,132	462,551	462,551
Cockburn ARC	4,588,760	4,560,425	11,193,223	11,193,223
	5,208,135	4,966,319	12,257,604	12,257,604
<b><u>Waste Services:</u></b>				
Waste Collection Services	2,656,251	2,533,558	2,647,216	2,647,216
Waste Disposal Services	2,395,241	2,296,572	5,699,662	5,699,662
	5,051,492	4,830,130	8,346,878	8,346,878
<b><u>Infrastructure Services:</u></b>				
Port Coogee Marina	794,611	743,055	991,850	991,850
	794,611	743,055	991,850	991,850
	11,054,238	10,539,504	21,596,331	21,596,331

### Note 2.

Additional information on Salaries and Direct On-Costs by each Division.

	Actual	Amended YTD Budget	Amended Budget	Adopted Budget
	\$	\$	\$	\$
Executive Services	(1,069,216)	(1,026,245)	(2,497,136)	(2,497,136)
Finance & Corporate Services Division	(3,266,621)	(3,313,991)	(8,021,106)	(8,044,589)
Governance & Community Services Division	(8,520,869)	(8,813,836)	(21,415,210)	(21,402,210)
Planning & Development Division	(2,292,923)	(2,435,941)	(5,910,862)	(5,910,862)
Engineering & Works Division	(7,782,872)	(8,036,564)	(19,489,132)	(19,489,132)
	(22,932,501)	(23,626,577)	(57,333,447)	(57,343,930)

### Note 3

Additional information on Materials and Contracts by each Division.

	Actual	Amended YTD Budget	Amended Budget	Adopted Budget
	\$	\$	\$	\$
Executive Services	(394,175)	(560,175)	(1,364,234)	(1,555,389)
Finance & Corporate Services Division	(2,325,717)	(2,360,639)	(4,855,694)	(4,361,376)
Governance & Community Services Division	(4,439,598)	(5,676,115)	(13,828,995)	(13,067,775)
Planning & Development Division	(336,177)	(376,847)	(994,712)	(988,860)
Engineering & Works Division	(8,080,443)	(9,022,217)	(20,224,463)	(20,002,861)
Not Applicable	0	0	0	0
	(15,576,109)	(17,995,993)	(41,268,097)	(39,976,260)

## City of Cockburn - Reserve Funds

## Financial Statement for Period Ending 30/11/2019

<b>Account Details</b>	<b>Opening Balance</b>		<b>Interest Received</b>		<b>t/t's from Municipal</b>		<b>t/t's to Municipal</b>		<b>Closing Balance</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
<b>Council Funded</b>										
Bibra Lake Management Plan	513,115	579,591	12,170	2,761	-	-	(64,810)	(63,473)	460,475	518,879
Carry Forward Projects	2,212,053	6,054,573	-	-	8,780,584	-	(13,775,574)	(5,704,853)	(2,782,937)	349,720
CIHCF Building Maintenance	7,613,395	7,746,691	130,254	38,143	1,486,079	655,746	(15,000)	-	9,214,728	8,440,580
Cockburn ARC Building Maintenance	2,064,181	2,054,346	40,502	9,857	1,640,000	-	-	-	3,744,683	2,064,202
Cockburn Coast SAR	-	16,840	-	71	30,000	-	(8,887)	(8,887)	21,113	8,024
Community Infrastructure	16,751,412	19,295,139	298,919	92,340	9,500,000	-	(2,511,284)	(278,441)	24,039,047	19,109,037
Community Surveillance	713,562	778,372	16,733	3,674	200,000	-	(139,633)	(83,174)	790,662	698,873
Environmental Offset	312,545	311,136	6,085	1,493	-	-	-	-	318,630	312,628
Greenhouse Action Fund	550,222	572,893	8,367	2,722	200,000	-	(96,000)	(32,970)	662,589	542,645
HWRP Post Closure Management & Contaminated	2,239,695	2,373,754	46,777	12,085	1,100,000	458,333	(135,000)	(5,577)	3,251,472	2,838,596
Information Technology	293,703	302,718	3,803	1,452	200,000	-	(5,000)	-	492,506	304,171
Insurance	1,786,620	1,806,509	31,946	8,518	500,000	-	-	-	2,318,566	1,815,028
Land Development and Investment Fund	7,351,453	9,638,807	99,069	48,660	1,389,081	1,502,956	(1,948,612)	(85,163)	6,890,991	11,105,261
Major Building Refurbishment	14,565,981	14,878,218	263,171	71,384	1,627,464	-	(175,000)	(9,180)	16,281,616	14,940,422
Municipal Elections	82,014	80,756	-	387	-	-	-	-	82,014	81,144
Naval Base Shacks	1,132,801	1,132,099	21,677	5,430	30,000	-	(50,000)	(645)	1,134,478	1,136,884
Plant & Vehicle Replacement	9,430,065	11,016,204	185,588	50,654	3,000,000	-	(4,226,230)	(945,139)	8,389,423	10,121,719
Port Coogee Marina Assets Replacement	1,285,423	1,291,632	5,705	6,197	300,000	-	(60,000)	(1,600)	1,531,128	1,296,229
Port Coogee Special Maintenance - SAR	1,619,714	1,644,432	31,375	7,760	400,000	-	(204,154)	(134,975)	1,846,935	1,517,217
Port Coogee Waterways - SAR	120,874	94,237	2,852	452	60,000	-	(50,000)	-	133,726	94,689
Port Coogee Waterways - WEMP	1,212,627	1,360,710	33,847	6,543	-	-	(100,000)	(50,000)	1,146,474	1,317,253
Roads & Drainage Infrastructure	8,636,662	12,944,727	290,552	61,036	-	-	(10,639,009)	(2,052,444)	(1,711,795)	10,953,319
Staff Payments & Entitlements	1,691,755	1,679,842	32,136	7,720	125,000	-	(190,000)	(103,610)	1,658,891	1,583,953
Waste & Recycling	14,867,166	15,481,387	283,137	74,311	734,000	-	(529,251)	(161,808)	15,355,052	15,393,890
Waste Collection	3,226,918	3,288,540	41,263	15,728	1,414,645	-	(100,000)	(48,477)	4,582,826	3,255,792
Welfare Redundancies	43,431	43,561	-	209	-	-	-	-	43,431	43,770
POS Cash in Lieu (Restricted Funds)	-	-	-	-	-	-	-	-	-	-
	<b>100,317,387</b>	<b>116,467,714</b>	<b>1,885,928</b>	<b>529,588</b>	<b>32,716,853</b>	<b>2,617,035</b>	<b>(35,023,444)</b>	<b>(9,770,415)</b>	<b>99,896,724</b>	<b>109,843,923</b>
<b>Grant Funded</b>										
Aged and Disabled Asset Replacement	281,276	372,120	8,628	1,612	57,505	23,960	-	-	347,409	397,692
Family Day Care Accumulation Fund	30,675	11,342	-	54	-	-	-	-	30,675	11,396
Naval Base Shack Removal	594,822	595,485	10,649	2,857	50,000	-	-	-	655,471	598,342
Restricted Grants & Contributions	557,080	6,690,933	-	-	-	-	(6,082,987)	(6,442,366)	(5,525,907)	248,568
Underground Power - Service Charge	-	0	-	-	-	-	-	-	-	0
Welfare Projects Employee Entitlements	714,717	1,044,584	12,646	4,610	-	-	-	-	727,363	1,049,194
	<b>2,178,570</b>	<b>8,714,464</b>	<b>31,923</b>	<b>9,134</b>	<b>107,505</b>	<b>23,960</b>	<b>(6,082,987)</b>	<b>(6,442,366)</b>	<b>(3,764,989)</b>	<b>2,305,193</b>
<b>Development Cont. Plans</b>										
Cockburn Coast DCP14	-	73,383	-	352	-	-	(43,110)	-	(43,110)	73,735
Community Infrastructure DCP 13	3,541,917	5,708,631	144,588	29,621	3,000,000	1,134,310	(7,737,037)	-	(1,050,532)	6,872,562
Hammond Park DCP	3,257,405	3,069,175	24,032	14,726	250,000	-	(6,914)	-	3,524,523	3,083,901
Munster Development	1,347,978	1,350,746	21,830	6,481	80,000	-	(7,765)	-	1,442,043	1,357,227

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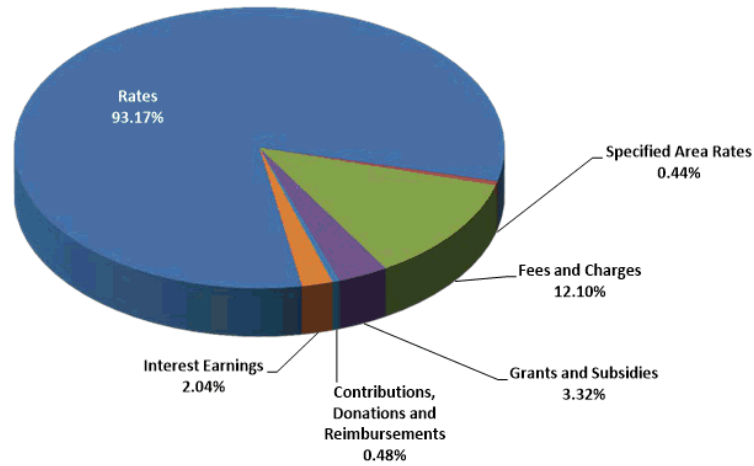
### City of Cockburn - Reserve Funds

Financial Statement for Period Ending 30/11/2019

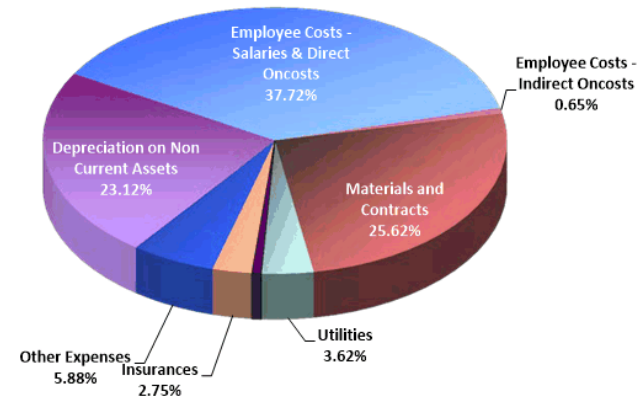
<i>Account Details</i>	<i>Opening Balance</i>		<i>Interest Received</i>		<i>t/t's from Municipal</i>		<i>t/t's to Municipal</i>		<i>Closing Balance</i>	
	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>
Muriel Court Development Contribution	531,179	189,874	179	1,405	250,000	144,442	(22,929)	-	758,429	335,720
Packham North - DCP 12	104,143	80,659	1,146	387	100,000	-	(9,163)	-	196,126	81,046
Solomon Road DCP	648,266	649,076	16,500	3,114	-	-	(4,676)	-	660,090	652,191
Success Nth Development Cont. Plans	3,345,472	3,851,777	40,540	18,480	50,000	-	(3,776)	-	3,432,236	3,870,258
Thomas St Development Cont. Plans	13,556	13,550	294	65	-	-	-	-	13,850	13,615
Wattleup DCP 10	261,530	19,333	3,394	284	250,000	56,127	(6,914)	(1,254)	508,010	74,490
Yangebup East Development Cont. Plans	1,437,861	1,816,937	18,907	8,900	-	53,475	(1,356)	-	1,455,412	1,879,312
Yangebup West Development Cont. Plans	887,438	875,848	10,212	4,202	100,000	-	(1,356)	-	996,294	880,051
	<b>15,376,745</b>	<b>17,698,991</b>	<b>281,622</b>	<b>88,016</b>	<b>4,080,000</b>	<b>1,388,353</b>	<b>(7,844,998)</b>	<b>(1,254)</b>	<b>11,893,369</b>	<b>19,174,106</b>
<i>Total Reserves</i>	<b>117,872,702</b>	<b>142,881,169</b>	<b>2,199,473</b>	<b>626,739</b>	<b>36,904,358</b>	<b>4,029,349</b>	<b>(48,951,429)</b>	<b>(16,214,035)</b>	<b>108,025,104</b>	<b>131,323,222</b>



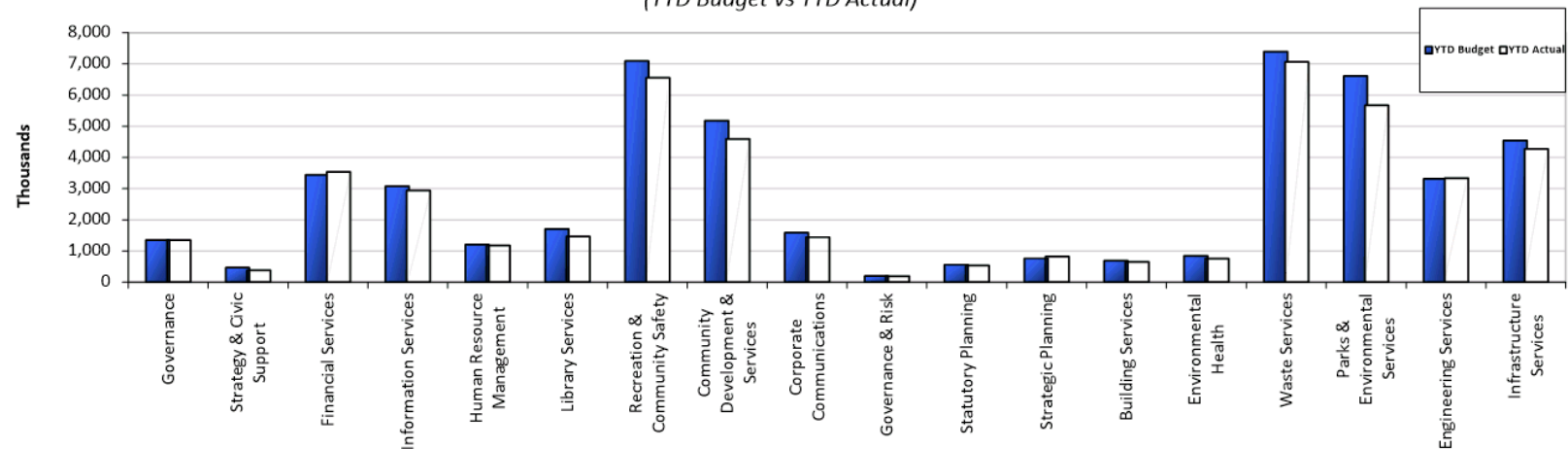
**Operating Income by Nature and Type**  
(YTD Actual)

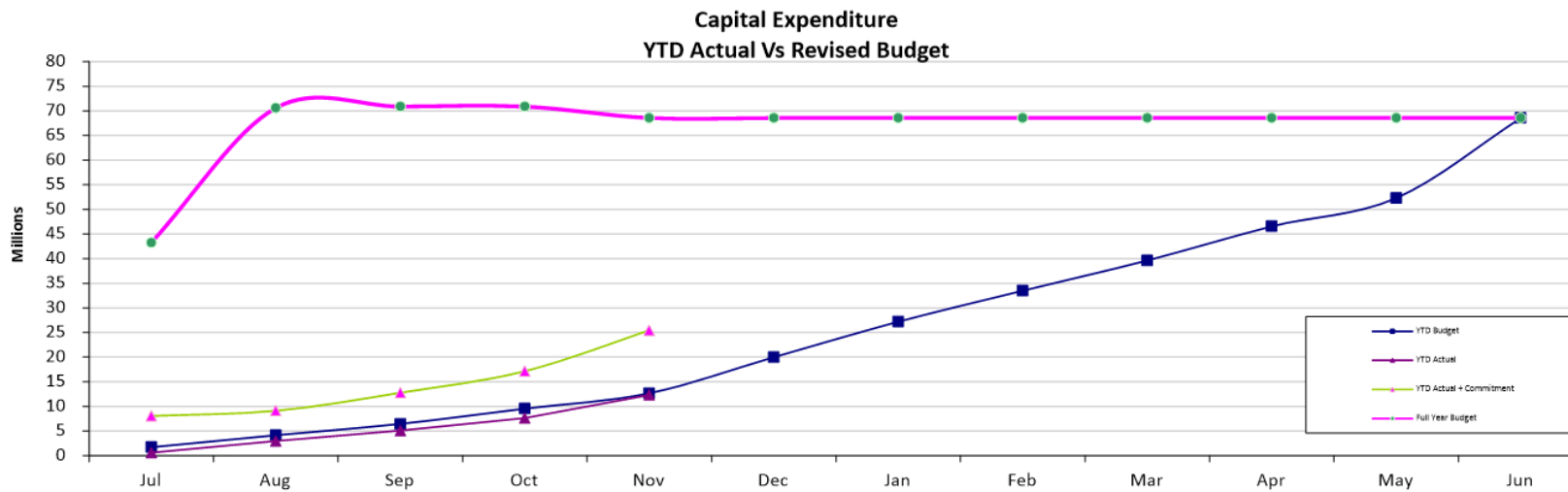
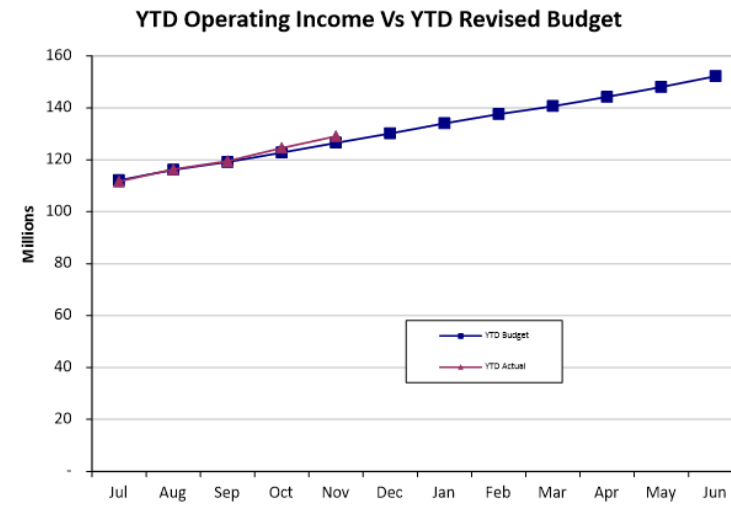
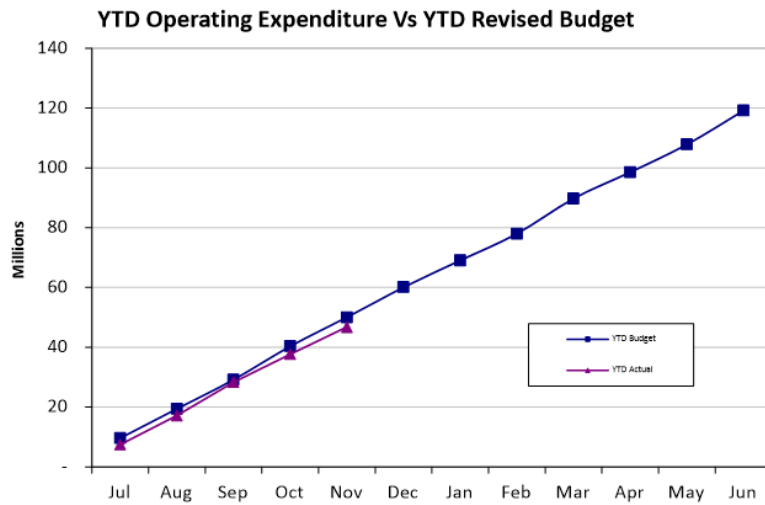


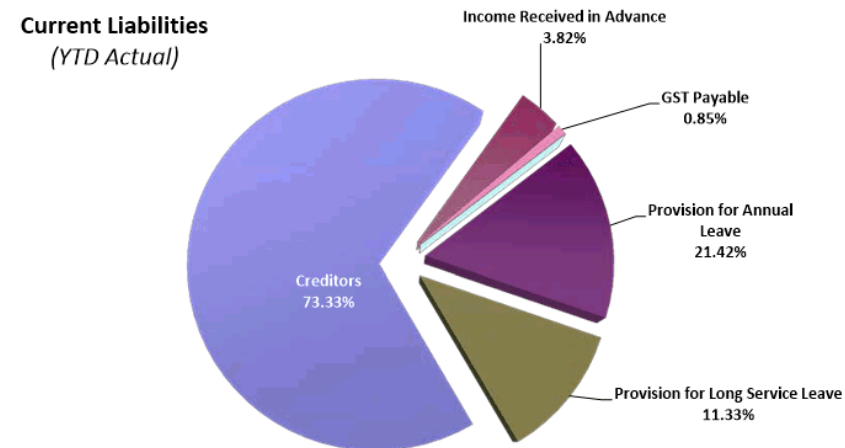
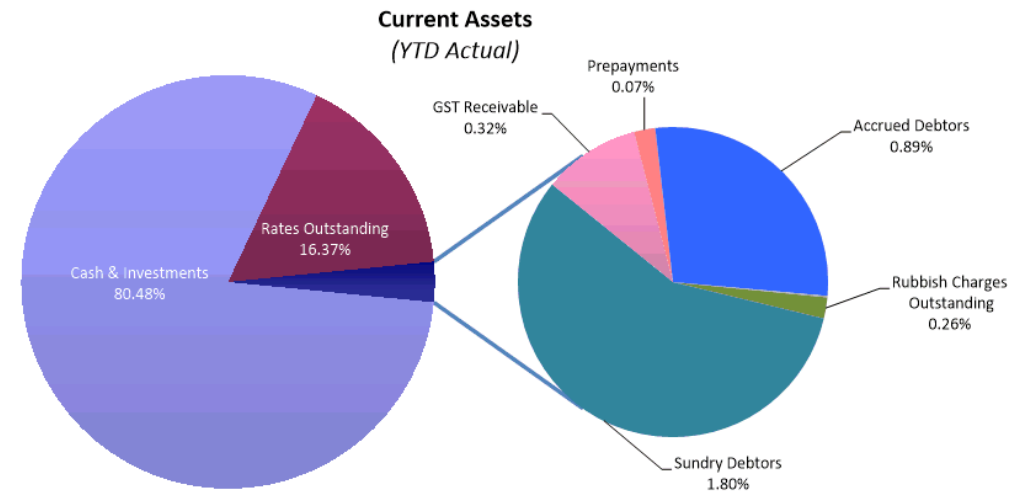
**Operating Expenditure by Nature and Type**  
(YTD Actual)

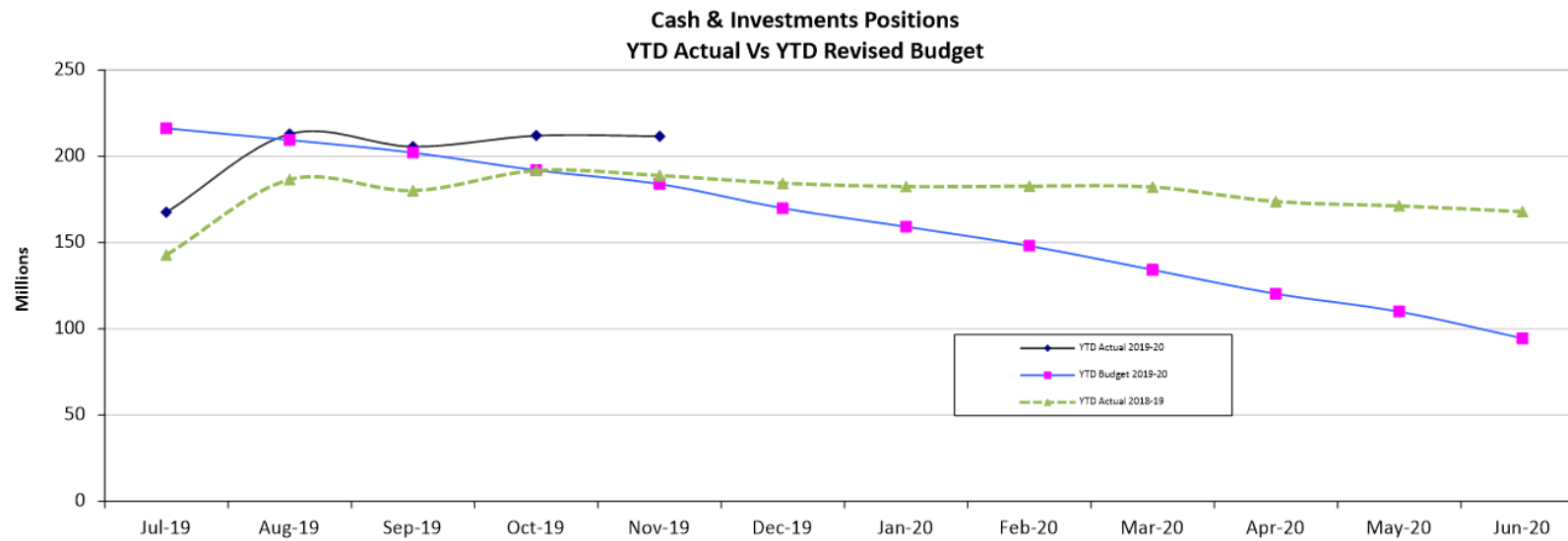
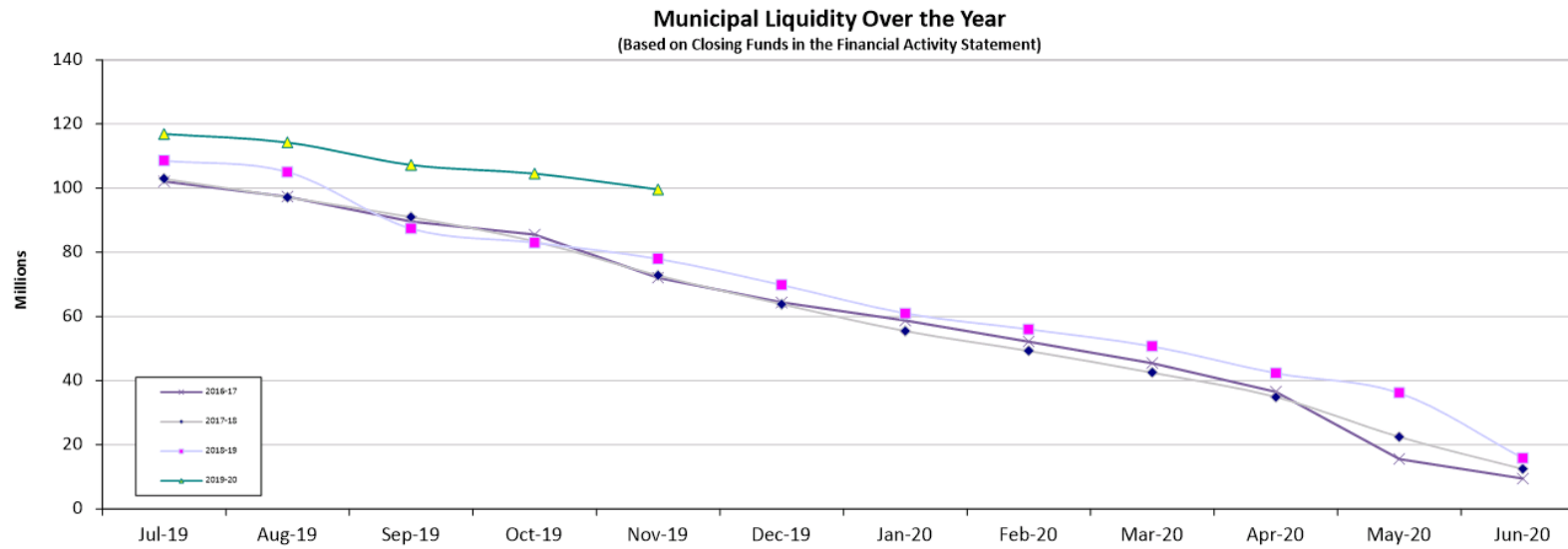


**Operating Expenditure by Business Unit**  
(YTD Budget vs YTD Actual)









**DETAILED BUDGET AMENDMENTS REPORT**

for the period ended 30 November 2019

PROJECT/ACTIVITY LIST		DESCRIPTION	ADD/LESS	EXPENDITURE	TF TO RESERVE	FUNDING SOURCES			
						RESERVE	REVENUE	MUNICIPAL	NON-CASH
GL105	General Purpose Income	Forfeiting incomplete bonds					(270,187)	270,187	
CW2375	Traffic Safety Management	Increased direct grant	ADD	145,887			(145,887)		
CW4156	Wetlands Education Centre	Reduction in expenditure	LESS	(1,000,000)		1,000,000			
OP9705	Welcome Kit for Residents	Missed during annual budget process	ADD	2,000				(2,000)	
				(852,113)	0	1,000,000	(416,074)	268,187	0

**12. CONFIDENTIAL BUSINESS**

Nil

**13. RESOLUTION OF COMPLIANCE****RECOMMENDATION**

That Council is satisfied that resolutions carried at this Meeting and applicable to items concerning Council provided services and facilities, are:-

- (1) integrated and co-ordinated, so far as practicable, with any provided by the Commonwealth, the State or any public body;
- (2) not duplicated, to an extent Council considers inappropriate, services or facilities as provided by the Commonwealth, the State or any other body or person, whether public or private; and
- (3) managed efficiently and effectively.

**14. CLOSURE OF MEETING**