

City of Cockburn Financial Statements 2015/16



City of
Cockburn



wetlands to waves

Table of Contents

Transcriber's note	1
Understanding the financial statements	2
Introduction	2
What is contained in the Financial Statements?	2
Statement of Financial Position	2
Statement of Changes in Equity	2
Statement of Comprehensive Income	3
Rate Setting Statement	3
Notes to the Accounts	3
Auditor's Report & CEO's Statement	4
Discussion and analysis of the financial statements	5
Statement of Comprehensive Income: Operating Result	5
Net Result	5
Statement of Financial Position	6
Assets	6
Liabilities	6
Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Financial Ratios	8
Statement by chief executive officer	8
Statement of comprehensive income by Nature or Type	12
Statement of Comprehensive Income by Program	13
Statement of Financial Position	14
Statement of Changes in Equity	16
Statement of Cash Flows	14
Rate setting statement	15
Notes to the accounts	16
1. Significant Accounting Policies	16
a) Basis of Preparation	16
b) Goods and Services Tax (GST)	16
c) Cash and Cash Equivalents	16
d) Trade and Other Receivables	17
e) Inventories	17
f) Fixed Assets	17
g) Financial Instruments	18
h) Fair Value of Assets and Liabilities	20
i) Impairment of Assets	21
j) Trade and Other Payables	21
k) Employee Benefits	21
m) Provisions	22
n) Leases	22

o) Interests in Joint Arrangements	23
p) Investment in Associates	23
q) Rates, Grants, Donations and Other Contributions.....	23
r) Superannuation	23
s) Rounding Off Figures.....	23
t) Comparative Figures.....	23
u) Current and Non-Current Classification	23
v) Budget Information.....	24
w) New Accounting Standards and Interpretations.....	24
2a. Revenue and Expenses	28
2b. Revenue and Expenses: Mission Statement	29
3. Cash & Cash Equivalents.....	30
4. Financial Assets	30
5. Interests in Joint Ventures.....	30
6. Trade & Other Receivables.....	32
7. Other Assets	32
8. Inventories	32
9. Property, Plant & Equipment	33
10. Infrastructure Assets	35
11. Rehabilitation Assets	37
12. Trade & Other Payables	37
13. Provisions.....	37
14. Reserves.....	39
15. Revaluation Surplus	45
16. Notes to Statement of Cash Flows.....	46
17. Investment in Joint Venture - SMRC	47
18. Contingent Liabilities	48
19. Capital & Leasing Commitments	49
20. Assets	49
21. Financial Ratios.....	52
22. Information on Borrowings.....	52
23. Statement of Rating	54
24. Prescribed Service Charges	55
25. Fees and Charge.....	56
26. Interest Charges, Administration Fees and Instalments	57
27. Grant Revenue	58
28. Number of Employees.....	58
29. Superannuation.....	58
30. Financial Risk Management.....	59
31. Other Expenses	62
32. Economic Dependency.....	62
33. Fair Value	62
34. Opening and Closing Funds	68
35. Events after the Reporting Date	68
36. Major Land Transactions	68
37. Trading Undertakings and Major Trading Undertakings.....	68

Transcriber's note

Please note that the original document contains tables which have been modified for this version. If required, please seek the assistance of a sighted guide for further information about the original printed tables.

This document has been formatted using word processing document styles for semantic markup and in accordance with the "Guidelines for the Accessible E-text by Round Table on Information Access for People with Print Disabilities".

Please also note that the original page numbers of the sections have changed in this version due to the mark-up process.

This transcription was made on April 2017 by VisAbility Limited on behalf of City of Cockburn for the sole use of readers with print disabilities.

Understanding the financial statements

Introduction

The Financial Statements show how the Council performed financially during the 2016/16 financial year and presents the financial position as at the 30th June 2016.

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 twenty eight (28) 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 2016. 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.

Statement of Cash Flows

The Statement of Cash Flows 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.

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.

Discussion and analysis of the financial statements

Statement of Comprehensive Income: Operating Result

- The City's operating result for 2015/16 came in at \$8.4M, down by \$3.7M on the previous year. Whilst expenditure increased in line with inflationary factors, overall revenue stagnated. This is still a healthy financial result, demonstrating the City generates more than enough revenue to cover the cost of depreciation.
- Overall, operating revenues of \$129.9M were up \$1.3M year on year. Due to the incorporation of waste charges into the general rates for residential property, like for like comparisons are difficult to make this year. However, revenue from rates, service charges and fees & charges were collectively up \$5.1M (4.6%). Revenue from contributions and interest earnings was little changed year on year. The negative impact on revenue came from operating grants and subsidies, which were down by \$3.8M on last year. This is purely attributable to the changed practice in paying federal financial assistance grants (FAGS), which had been advanced by 50% the previous year but not this year.
- Operating expenses were up for the year by \$5.0M (4.3%) to \$121.5M. Employee costs, the City's biggest operational expense item, were up \$2.0M (4.4%) to \$47.1M and in line with budget expectations. Spending on materials and contracts was up 4.0% to \$34.9M (+\$1.4M) and \$1.8M over the adopted budget. This result reflects \$2.0M of soft landscaping cost transferred from the capital budget due to accounting requirements and is not an overall budget variance. Insurance expenses came in \$0.3M (14%) higher than last year at \$2.2M. Back claimed workers compensation was the main reason for this result, as well as additional premium for the Cockburn integrated health and community facility. Interest expenses were minimal at under \$0.1M and relate to self-funding purposes.
- Depreciation expense (non-cash) was little changed at \$23.8M, down by \$0.1M on last year. A more accurate reflection of useful life for building assets reduced overall depreciation by \$0.4M, offsetting minor increases across other asset classes. Against the adopted budget, depreciation was down \$2.6M due to the changes to useful life for buildings and the annual revaluation of road assets at the end of the prior financial year.
- The consumption of landfill infrastructure assets has this year been accounted for as amortisation, rather than depreciation. This change of classification was recommended by the City's auditor based on accounting standard definitions. The result of \$1.1M was little changed year on year.

Net Result

- Including non-operating activities, the City's net result (before asset revaluations) was up \$20.1M on the previous year to \$51.7M. Although negatively impacted by the \$3.7M decline in the operating result, non-operating activities contributed an additional \$23.8M.
- Capital grants and contributions received of \$23.6M were up \$13.3M year on year. \$17.3M represented state and federal grants (up \$10.5M) with \$11.8M relating to funding for the Cockburn ARC project and the balance for road construction projects. Private capital contributions totalled \$6.3M (up \$2.7M) mostly due to the JV partner share of incurred construction costs for Cockburn ARC.
- \$9.2M received from the City's Developer Contribution Plans (DCP) has been reported separately from other capital contributions this year. This result is up \$1.0M on last year with \$6.5M received for the community infrastructure plan (up \$0.2M) and \$2.7M for the road infrastructure plans (up \$0.8M).

- Infrastructure assets within new subdivisions gifted by developers totalled \$13.1M, slightly lower than the \$13.4M received last year. These assets comprise of roads, drainage and parks infrastructure.
- Net profit/loss from the sale of assets was a net \$0.2M, mostly from the sale and trade-in of plant assets. This result was well down on the net profit of \$1.8M last year, with last year benefiting from a \$2.0M profit from land sales. This year's only land sale of \$2.4M was close to the book value.

Statement of Financial Position

- The City's net assets and total equity increased by \$58.9M during the reporting year to \$1,162.8M. This reflects an increase in total assets of \$106.3M, comprising increases in non-current assets of \$75.5M and \$30.8M for current assets. These were offset by an increase in total liabilities of \$47.5M, comprising increases in non-current liabilities of \$30.0M and \$17.5M for current liabilities.

Assets

- The increase in current assets of \$30.8M includes an additional \$22.5M in cash and investments, reflecting the greater amount of cash held in financial reserves. Receivables were also higher by \$8.2M, mainly due to the invoiced Cockburn ARC JV contribution.
- The increase in non-current assets of \$75.5M comprised a net increase of \$18.9M in the value of infrastructure assets and \$50.7M in property, plant & equipment assets. This increase includes an additional \$53M works in progress (WIP) for buildings, mainly comprising the Cockburn ARC project. Road assets increased by \$14.3M and Parks Infrastructure increased by \$9.9M.
- The City also increased the amount of the landfill rehabilitation asset by \$8.0M to \$16.5M. This followed an independent review commissioned by the City during the year into the post-closure rehabilitation requirements for the landfill. This is offset by a non-current liability provision for the same amount. There was also a decrease of \$2.3M in the City's equity share of the SMRC joint venture.

Liabilities

- Current liabilities increased significantly over the year by \$17.5M to \$31.6M, with trade & other payables increasing by \$15.5M to \$23.6M. However, this was impacted by the June end of month payment run being processing at the bank on the 1st July, adding an extra \$6.5M to end of year payables. The June progress claim for Cockburn ARC also added another \$8.4M to the payables. The current liability for borrowings increased by \$1.2M due to the Cockburn ARC \$25M loan drawn down in June. Current leave provisions were also higher by \$0.8M from last year at \$5.4M.
- Non-current liabilities increased by \$30.0M from last year, primarily due to an increase in loan borrowings of \$ 22.4M relating to Cockburn ARC. Provisions were also \$8.0M higher due to the previously mentioned increase in expected costs for the landfill site rehabilitation.

Changes in Equity

- Cash backed reserves held by the City increased by \$19.5M to \$126.6M during the year. Reserves with significant increases included Community Infrastructure (up \$5.9M to \$12.1M), Roads & Drainage Infrastructure (up \$5.0M to \$8.2M) and Major Buildings Refurbishment (up \$4.4M to \$9.8M). The new reserve established to quarantine municipal funding for carried forward projects also added \$4.0M to the increase. Reserves that decreased significantly during the year were the DCP Community Contributions reserve (down \$6.1M to \$10.4M) and the Restricted Grants & Contributions reserve (down \$3.3M to \$2.2M).
- The Revaluation Surplus increased by \$7.2M to \$575.4M as a result of the annual management valuation of roads, footpaths, drainage and parks infrastructure.
- The City's accumulated surplus increased by \$32.2M to \$460.8M. This represented the \$51.7M net operating surplus result, less the \$19.5M net transfer of funds to financial reserves.

Statement of Cash Flows

- The City's net incoming cash flows from operating activities increased by \$4.7M to \$41.0M for the reporting year. This reflects the strong financial capacity of the City to continue funding new assets and asset renewals and upgrades as planned for and when they become necessary.
- Cash of \$78.0M was outlaid on capital spending, an increase of \$41.5M on the previous year. This mainly reflected increased spending on building construction (up \$46.0M) as a result of Cockburn ARC.
- Cash flows from grants and contributions received for the development of assets increased by \$14.3M to \$32.8M, with the increase also attributable to the Cockburn ARC project. Cash received from the sale of assets was down slightly by \$0.5M to \$3.5M.
- The City repaid \$1.4M of outstanding borrowings, completing the repayment of the underground power loan and leaving under \$0.1M outstanding on the emergency services building self-funding loan. It also received the \$25.0M borrowing proceeds from the Cockburn ARC loan.
- Cash and cash equivalents increased for the year by \$22.5M to \$151.5M strengthening the City's already strong liquidity position.

Rate Setting Statement

- The City's closing funds position was \$9.27M compared to the balanced budget position contained in the 2015/16 adopted budget. \$6.15M of the closing funds is unspent monies required to complete carried forward works and projects. The balance of \$3.12M covers the forecast \$3.0M end of year surplus included in the adopted budget for 2016/17, with an additional \$0.12M available to be transferred into financial reserves in accordance with Council's budget policy.
- The total amount raised from general rates cannot be compared to the previous year due to the incorporation of waste charges into general rates for residential property. However, the \$91.3M raised was \$2.3M (2.5%) higher than the adopted budget, reflecting strong interim rating from continued development within the City.

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 & Communities (DLGC) 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	2016	2015	Benchmark	High
Current Ratio	1.211	1.869	1.00	1.50
Asset Sustainability Ratio	1.399	0.378	0.90	1.20
Debt Service Ratio	20.631	16.625	2.00	5.00
Operating Surplus Ratio	0.049	-0.002	0.01	0.15
Own Source Revenue Ratio	1.003	0.898	0.40	0.90
Asset Consumption Ratio	0.714	0.712	0.50	0.75
Asset Renewal Funding Ratio	0.741	0.767	0.75	1.10

- All seven of the ratios are at or above the DLGC benchmark, with three exceeding the high ratio mark. The Asset Sustainability Ratio has seen a marked improvement due to the capital spending on the Cockburn ARC project. A significant proportion of this spend is essentially renewal expenditure for an existing service providing asset (South Lake Leisure Centre). The auditor has concurred with this treatment following consultation with the DLGC. The Operating Surplus Ratio was also significantly higher this year, as last year's result was adversely impacted by the write-off of parks living landscape assets (trees, plants and turf). The write-off was necessary in order for the City to comply with asset fair value requirements under the WA Local Government (Financial Management) Regulations.
- These results combine to produce an FHI score of 89 (compared to 68 last year). This result is more comparable to that for the 2014 year (of 88) and 2013 year (of 85). An FHI result of 70 and above indicates sound financial health according to the DLGC.

Statement by chief executive officer

The attached financial report of the City of Cockburn, being the Annual Financial Report and supporting notes and other information for the financial year ended 30 June 2016, are in my opinion, properly drawn up to present fairly the financial position of the City of Cockburn at 30 June 2016 and the results of the operations for the financial year then ended, in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 8th November 2016



S Cain

Chief Executive Officer



PARTNERS
Anthony Macri FCPA
Domenic Macri CPA
Connie De Felice CA

Certified Practising Accountants

Independent Auditor's Report

To: Ratepayers of City of Cockburn

Report on the Financial Report

We have audited the financial report of the City of Cockburn, which comprises the Statement of Financial Position as at 30 June 2016 and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity and Statement of Cash Flows and Rate Setting Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information and the Statement by Chief Executive Officer.

Management's Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. Our audit has been conducted in accordance with Australian Auditing Standards . These Auditing Standards require that we comply with the relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to management's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the

financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.

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ProfessionalStandards Legislation

Auditor's Opinion

In our opinion, the financial report of the City of Cockburn:

- (a) gives a true and fair view of the financial position of the City of Cockburn as at 30 June 2016 and of its financial performance for the year ended on that date; and
- (b) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards (including Australian Accounting Interpretations).

Report on Other Legal and Regulatory Requirements

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

- (a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Council.
- (b) There are no matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law noted during the course of our audit.
- (c) In relation to the asset consumption ratio and asset renewal funding ratio (presented at Note 21 of the annual financial report) we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - reasonably calculated; and
 - based on verifiable information.
- (d) All necessary information and explanations were obtained by us.
- (e) All audit procedures were satisfactorily completed in conducting our audit.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the City of Cockburn for the year ended 30 June 2016 included on the City of Cockburn's website. Management is responsible for the integrity of the City of Cockburn's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



Macri Partners
Certified Practising Accountants Suite 2, 137 Burswood Road
Burswood WA 6100



A Macri
Partner
Perth
Dated this 18th day of November 2016.

Statement of comprehensive income by Nature or Type

For the year ended 30 June 2016

	Notes	Actual 2015/16	Budget 2015/16	Actual 2014/15
		\$	\$	\$
Rates	23	91,311,030	89,031,014	65,044,331
Specified Area Rates	23	341,727	274,438	312,317
Fees and Charges	25	22,072,981	25,132,053	40,338,556
Service Charges		1,066,477	1,037,370	4,031,642
Operating Grants and Subsidies	27	8,057,274	9,098,273	11,843,090
Contributions, Donations and Reimbursements		1,372,307	592,253	1,301,834
Interest Earnings	2	5,678,901	5,385,532	5,716,510
Total Operating Revenue		129,900,696	130,550,933	128,588,280
Employee Cost		(47,084,154)	(47,543,019)	(45,115,536)
Materials and Contracts		(34,865,658)	(33,084,733)	(33,512,994)
Utilities		(4,363,875)	(4,622,148)	(4,285,795)
Interest Expenses		(85,602)	(73,336)	(123,170)
Insurances		(2,223,550)	(2,134,448)	(1,952,591)
Other Expenses		(7,976,582)	(8,933,563)	(6,383,171)
Depreciation on Non Current Assets	2	(23,790,540)	(26,435,368)	(23,897,844)
Amortisation on Landfill Infrastructure	2	(1,064,912)	(1,246,416)	(1,130,001)
Total Operating Expenditure		(121,454,871)	(124,073,032)	(116,401,102)
Increase/(Decrease)		8,445,825	6,477,902	12,187,177
Non-Operating Grants, Subsidies and Contributions	27	23,618,162	19,964,025	10,304,701
Developers Contributions Plans: Cash		9,220,108	6,741,922	8,192,499
Gifted Subdivision Assets	10b	13,128,414	-	13,393,722
Increase/(Decrease) in Equity - Joint Venture	17	(2,344,579)	-	1,274,680
Increase/(Decrease) in LG House Trust	4	(16,582)	-	143,108
Land Ceded to the Crown		(610,366)		
Profit on Sale of Assets	20b	364,400	8,437,938	2,317,463
Loss on Sale of Assets	20b	(121,241)	(266,729)	(492,329)
Impairment - Infrastructure Park Landscaping	10b		-	(15,701,497)
Total Non-Operating Activities		43,238,316	34,877,156	19,432,348
NET RESULT		51,684,141	41,355,058	31,619,526
Items that will not be reclassified subsequently to profit or loss		7,190,450		
Changes on revaluation of non-current assets	15		-	36,652,247
Total Other Comprehensive Income		7,190,450	-	36,652,247
TOTAL COMPREHENSIVE INCOME		58,874,591	41,355,058	68,271,773

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

Statement of Comprehensive Income by Program

For the year ended 30 June 2016

Notes	Actual 2015/16 \$	Budget \$	Actual \$
REVENUES			
Revenue From Ordinary Activities			
General Purpose Funding	100,301,439	99,716,849	77,988,574
Governance	231,074	125,550	211,482
Law Order & Public Safety	962,430	799,091	4,038,394
Health	309,815	225,500	226,309
Education & Welfare	7,049,298	6,230,253	6,934,498
Community Amenities	11,875,672	15,050,847	30,471,588
Recreation & Culture	4,101,359	3,948,928	3,858,299
Transport	522,125	285,200	352,845
Economic Services	2,120,142	2,338,578	2,274,265
Other Property & Services	2,427,343	1,830,137	2,232,026
TOTAL OPERATING REVENUES	129,900,696	130,550,933	128,588,280
General Purpose Funding	(1,165,505)	(723,675)	(1,068,489)
Governance	(10,153,011)	(11,063,513)	(9,919,116)
Law Order & Public Safety	(6,004,225)	(5,455,161)	(5,326,612)
Health	(2,454,667)	(2,384,409)	(2,298,026)
Education & Welfare	(13,228,316)	(13,086,595)	(13,030,111)
Community Amenities	(30,160,766)	(34,066,623)	(29,943,002)
Recreation & Culture	(28,531,696)	(27,381,070)	(26,082,512)
Transport	(25,497,265)	(25,927,976)	(24,583,064)
Economic Services	(2,504,795)	(2,635,548)	(2,478,111)
Other Property & Services	(1,754,625)	(1,348,463)	(1,672,060)
Total Operating Expenditure	(121,454,871)	(124,073,032)	(116,401,102)
Increase/(Decrease)	8,445,825	6,477,902	12,187,177
NON-OPERATING GRANTS/CONTRIBUTIONS TOWARDS ASSETS: CASH			
General Purpose Funding	89,267	85,557	85,557
Governance	17,437,563	18,050,000	6,219,799
Law Order & Public Safety	117,897	-	-
Education & Welfare	23,640	-	-
Community Amenities	603,645	-	1,023,748
Recreation & Culture	199,633	400,000	48,677
Transport	5,115,016	1,363,468	2,965,410
Other Property & Services	9,251,608	6,806,922	8,154,009
	32,838,270	26,705,947	18,497,201
Gifted Subdivision Assets			
Land Ceded to the Crown	(610,366)	-	-
Increase/(Decrease) in Equity - Joint Venture	(2,344,579)	-	1,274,680
Increase/(Decrease) in LG House Trust	(16,582)	-	143,108

City of Cockburn Financial Statement

PROFIT/(LOSS) ON DISPOSAL OF ASSETS			
Education & Welfare	42,300	30,000	37,722
Recreation & Culture	(90,767)	-	(492,329)
Transport	283,348	(206,540)	125,302
Other Property & Services	8,278	8,347,750	(13,547,057)
	243,160	8,171,209	(13,876,363)
NET RESULT	51,684,141	41,355,058	31,619,526
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss	7,190,450		
Changes on revaluation of non-current assets	15	-	36,652,247
Total Other Comprehensive Income	7,190,450	-	36,652,247
TOTAL COMPREHENSIVE INCOME	58,874,591	41,355,058	68,271,773

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

Statement of Financial Position

	Notes	Actual 2015/16	Actual 2014/15
As at 30 June 2016		\$	\$
CURRENT ASSETS			
Cash and Cash Equivalents	3	151,554,000	129,018,060
Trade & Other Receivables	6	13,656,877	5,470,423
Other Assets	7	715,996	621,686
Inventories	8	41,102	18,634
Total Current Assets		165,967,975	135,128,804
NON CURRENT ASSETS			
Financial Assets - Non Current	4	4,819,364	4,649,839
Interests in Joint Ventures	5	6,093,158	8,437,737
Other Receivables	6	738,851	632,550
Property, Plant and Equipment	9	311,375,336	260,695,329
Infrastructure	10	736,216,337	717,267,463
Rehabilitation Assets	11	16,517,533	8,565,455
Total Non Current Assets		1,075,760,579	1,000,248,374
TOTAL ASSETS		1,241,728,554	1,135,377,178
Trade & Other Payables	12a	23,605,924	8,063,526
Borrowings	12b	2,593,138	1,423,320
Provisions	13	5,425,888	4,618,800
Total Current Liabilities		31,624,950	14,105,646
Other Payables	12a	5,761,532	6,203,155
Borrowings	12b	23,150,036	743,174
Provisions	13	18,391,990	10,399,749
Total Non Current Liabilities		47,303,558	17,346,077
TOTAL LIABILITIES		78,928,508	31,451,723
NET ASSETS		1,162,800,045	1,103,925,454

City of Cockburn Financial Statement

Accumulated Surplus		460,767,729	428,609,779
Reserves - Cash/Investment Backed	14	126,599,957	107,073,767
Revaluation Surplus	15	575,432,360	568,241,909
TOTAL EQUITY		1,162,800,045	1,103,925,454

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2016		Actual 2015/16	Actual 2014/15
	Note	\$	\$
RESERVES CASH/INVESTMENT BACKED			
Balance at beginning of year		107,073,767	85,588,563
Transfer from accumulated surplus		68,342,602	50,541,657
Transfer to accumulated surplus		(48,816,412)	(29,056,453)
Balance at end of reporting period	14	126,599,957	107,073,767
Balance at beginning of year		568,241,909	531,589,662
Revaluation Increments during year		15,359,080	36,652,247
Revaluation Decrements during year		(8,168,629)	-
Balance at end of reporting period	15	575,432,360	568,241,909
Balance at beginning of year		428,609,779	418,475,456
Net result		51,684,141	31,619,526
Transfer from reserves		48,816,412	29,056,453
Transfer to reserves		(68,342,602)	(50,541,657)
Balance at end of reporting period		460,767,729	428,609,779
TOTAL EQUITY		1,162,800,045	1,103,925,454

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2016		Actual 2015/16 \$	Budget 2015/16 \$	Actual 2014/15 \$
	Notes			
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee Cost		(46,236,902)	(46,947,039)	(44,802,756)
Materials and Contracts		(20,127,926)	(40,084,733)	(34,139,958)
Utilities		(4,363,875)	(4,622,148)	(4,285,795)
Interest Paid		(85,602)	(73,336)	(123,170)
Insurances		(2,223,550)	(2,134,448)	(1,952,591)
Other Expenses		(7,976,582)	(8,933,563)	(6,383,171)
GST on Payments		(10,657,073)	-	-
		(91,671,509)	(102,795,268)	(91,687,442)
Rates & Special Area Rates		90,889,316	89,305,452	64,484,285
Fees and Charges		16,128,057	29,121,953	40,328,331
Service Charges		1,066,477	1,037,370	4,349,053
Contributions, Donations and Reimbursements		1,372,307	592,253	1,301,834
Interest Received		5,438,875	5,385,532	5,566,816
Grants & Subsidies - Operating		8,057,274	9,598,273	11,843,090
Other Revenue/Income		-	10,100	26,637
GST on Receipts		2,973,834		
GST Refunded by ATO		6,786,736	2,500,000	-
		132,712,876	137,550,933	127,900,045
NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES	16a	41,041,367	34,755,666	36,212,603
Proceeds from Sale on Non Current Assets	20b	3,471,651	16,051,000	4,001,046
Purchase Furniture and Equipment		(6,105)	(6,000)	-
Purchase Computer Equipment		(294,621)	(503,800)	(642,552)
Purchase & Construction of Infrastructure Assets		(13,016,993)	(13,135,576)	(17,043,477)
Purchase Plant and Machinery		(3,537,490)	(4,568,000)	(3,426,802)
Purchase & Development of Land		(428,871)	(1,350,000)	(1,406,416)
Purchase & Construction of Buildings		(60,055,961)	(62,618,000)	(14,035,063)
Capital Grants, Subsidies & Contributions		32,838,270	26,705,947	18,497,201
Land Ceded to the Crown		(610,366)	-	-
NET CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES		(41,640,486)	(39,424,429)	(14,056,063)
Net receipts/(refund) of bonds		(441,622)	-	3,400,863
Loan Principal Repayment		23,576,680	23,576,680	(1,373,356)
NET CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES		23,135,058	23,576,680	2,027,507
Cash & Cash Equivalents at Beginning of Reporting Period		129,018,060	101,348,197	104,834,013
CASH & CASH EQUIVALENTS AT END OF REPORTING PERIOD	3,1	151,554,000	120,256,114	129,018,060

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Rate setting statement

For The year ended 30 June 2016		Actual 2015/16	Budget 2015/16	Actual 2014/15
Notes		\$	\$	\$
Operating Revenue				
Specified Area Rates	23b	341,727	274,438	312,317
Fees & Charges	23b	22,072,981	25,132,053	40,311,919
Service Charges	23b	1,066,477	1,037,370	4,031,642
Operating Grants & Subsidies	23b	8,057,274	9,098,273	11,843,090
Contributions, Donations, Reimbursements	23b	1,372,307	592,253	1,301,834
Interest Earnings	23b	5,678,901	5,385,532	5,716,510
Other Revenue / Income	23b	-	-	26,637
Profit on Sale of Assets	20b	364,400	1,150,000	2,317,463
Total Operating Revenue		38,954,067	42,669,919	65,861,412
Operating Expenditure				
Employee Costs		(47,084,154)	(47,543,019)	(45,115,536)
Materials and Contracts		(34,865,658)	(33,084,733)	(33,512,994)
Utilities		(4,363,875)	(4,622,148)	(4,285,795)
Interest Expenses	22	(85,602)	(73,336)	(123,170)
Insurances		(2,223,550)	(2,134,448)	(1,952,591)
Other Expenses		(7,976,582)	(8,933,563)	(6,383,171)
Loss on Sale of Assets	20b	(121,241)	7,021,209	(492,329)
Impairment - Infrastructure Park Landscaping	10b	-	-	(15,701,497)
Depreciation on Non Current Assets	9b, 10b	(24,855,452)	(27,681,784)	(25,027,845)
Total Operating Expenditure		(121,576,112)	(117,051,822)	(132,594,928)
Change in Net Assets Resulting from Operations before		(82,622,045)	(74,381,903)	(66,733,516)
Profit on Sale of Assets	20b	(364,400)	(8,437,938)	(2,317,463)
Loss on Sale of Assets	20b	121,241	266,729	492,329
Impairment - Infrastructure Park Landscaping	10b	-	-	15,701,497
Depreciation on Assets	9b, 10b	24,855,452	27,681,784	25,027,845
Movement in Non-Current Employee Benefit	13	40,164	-	246,615
Movement in Deferred Pensioners	6	(106,301)	-	(45,803)
		24,546,155	19,510,575	39,105,019
Purchase of Land and Buildings	9b	(60,484,831)	(63,968,000)	(16,899,796)
Purchase of Plant and Machinery	9b	(3,537,490)	(4,568,000)	(3,426,802)
Purchase of Furniture and Equipment	9b	(6,105)	(6,000)	-
Purchase of Computer Equipment	9b	(294,621)	(503,800)	(642,552)
Construction of Infrastructure Assets	10b	(26,145,406)	(13,135,576)	(28,978,882)
Proceeds on Sale of Assets	20b	3,417,732	16,051,000	4,001,046
Land Vested in Crown		(610,366)	-	-
Contributions/Grants for the development of Assets	27	32,838,270	26,705,947	18,497,201
Gifted & Previously Unrecognised Assets	10b	13,128,414	-	13,393,722
Repayment of Loans	22	(1,423,320)	(1,423,320)	(1,373,356)
Proceeds from New Loans	22	25,000,000	25,000,000	-
Transfers from Reserves (Restricted Assets)	14	48,816,412	31,635,188	29,056,453
Transfers to Reserves (Restricted Assets)	14	(68,342,602)	(63,087,125)	(50,541,657)
		(13,097,760)	(27,789,111)	2,190,397
Add: Opening Funds	34	13,676,287	16,289,342	13,175,076
Less: Closing Funds	34	9,267,511	3,149,343	13,676,287
Amount Required to be Raised from Rates		(91,311,030)	(89,031,015)	(65,044,331)

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

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

Except for cash flow and rate setting information, the report has also 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 advisors model valuations, which are based on future cash flows, are derived from a number of factors including information obtained from arrangers of individual securities and ratings agencies, reviews of the components of the relevant securities and also movements in applicable credit spreads.

The local government reporting entity

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

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

Trust Fund

The Department of Local Government expressed the view that a local government has no control over performance bonds held and consequently these should be placed into the Trust Fund. However, the City determined there to be no fiduciary relationship between itself and developers, as it is not acting in the interest of, or on behalf of the developer, but in the discharge of its statutory role as a municipal authority. Therefore, the City concluded the funds can legitimately be held in the municipal fund.

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 six 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) 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.

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.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

e) 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.

f) 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.

During the year ended 30 June 2013, the City commenced the process of adopting Fair Value in accordance with the Regulations.

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

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the City revalues its asset classes in accordance with this mandatory timetable.

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 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) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- 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, 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
Infrastructure – Roads: Kerbing	20-50 years
Infrastructure – Bridges	30-50 years
Infrastructure – Parks Equipment	10-30 years
Bus Shelters	15-40 years

Capitalisation Threshold

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

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.

g) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost. Amortised cost is calculated as:

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

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(d) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

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

(e) Financial liabilities

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

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash

flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when Council's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss- measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised on equity instruments classified as available-for-sale are not reversed.

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 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

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

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected

future payments incorporate anticipated future wage and salary levels, durations 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.

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) Interests in Joint Arrangements

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(r) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The City's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint venture is set out in Notes 5 and 17.

p) Investment in Associates

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

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

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

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

q) 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.

r) 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% for the Superannuation Guarantee Charge, plus additional matching contributions of up to 4% where agreed.

s) Rounding Off Figures

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

t) Comparative Figures

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

u) 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.

v) 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.

w) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the City for the period ended 30 June 2016. These are outlined in the table below:

	Title	Issued / Compiled	Applicable⁽¹⁾	Impact
(i)	AASB 9 – Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the City, it is not anticipated the Standard will have any material effect.
(ii)	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 onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once 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.</p> <p>Based on the current number of operating leases held by the City, the impact is not expected to be significant.</p>
(iii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	<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 upon the nature of future transactions the City has with those third parties it has dealings with. It may or may not be significant.</p>

(iv)	AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	<p>This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the City's financial statements</p>
(v)	AASB 2014-4 Amendments of Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	<p>This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p> <p>Given the City currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.</p>
(vi)	AASB 2014-5 Amendments of Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15.

(vii)	AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. This Standard also makes editorial and consequential amendments as a result of amendments to the Standards
(ix)	AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn.
(x)	AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the City as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

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

aa. 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.

AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities. The standards adopted had a minimal effect on the accounting and reporting practices of the City as they were either not applicable,

largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

ab. 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.

ac. 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 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.

ad. 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.

ae. 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.

2a. Revenue and Expenses

	Actual 2015/16	Budget 2015/16	Actual 2014/15
The net result includes:	\$	\$	\$
(i) CHARGING AS AN EXPENSE			
<u>Auditors Remuneration</u>			
Audit of financial statements	26,300	35,000	24,560
Audit of project - acquittals	11,347	12,495	29,045
	37,647	47,495	53,605
<u>Depreciation</u>			
Buildings	4,130,221	5,382,841	4,548,676
Plant and Machinery	2,761,857	2,949,690	2,802,365
Furniture Equipment	223,307	32,091	95,204
Computer Equipment	144,029	143,718	153,240
Infrastructure - Roads	10,176,299	11,181,984	10,166,026
Infrastructure - Drainage	2,498,163	2,524,212	2,294,867
Infrastructure - Footpaths	1,156,861	1,201,320	1,092,153
Infrastructure - Parks Equipment	2,699,803	3,019,512	2,745,312
	23,790,540	26,435,368	23,897,844
<u>Amortisation</u>			
Infrastructure - Landfill	1,064,912	1,246,416	1,130,001
<u>Interest Expenses</u>			
Debentures (refer Note 21)	85,602	73,336	123,170
<u>Rental Charges</u>			
Operating Leases	556,092	660,875	589,977
<u>Other Expenses</u>			
State Landfill Levy	2,858,990	5,495,466	2,943,345
(ii) CREDITING AS REVENUE			
Grants/Contributions towards Assets	32,838,270	26,705,947	18,497,201
Increase/(Decrease) in Equity - SMRC Joint Venture	(2,344,579)	-	1,274,680
<u>Interest Earnings</u>			
Interest received on Reserve Funds	2,484,527	2,059,692	2,074,414
Interest received on Other Funds	3,194,374	3,325,840	3,642,096
	5,678,901	5,385,532	5,716,510

2b. Revenue 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.

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).

3. Cash & Cash Equivalents

	Actual 2015/16	Actual 2014/15
Cash at Bank	8,528,960	4,360,482
Cash on Hand	22,768	26,350
Term Deposits	143,002,272	124,631,229
	151,554,000	129,018,060
Unrestricted	23,885,349	20,247,870
	151,554,000	129,018,060
Sundry Deposits and Bonds (Non Current Payables)		
	5,761,532	6,203,155
Council Funded	102,687,894	74,498,719
Externally Funded	7,053,040	9,570,222
Development Contribution Plans	16,859,023	23,004,825
Sub-total	126,599,957	107,073,767
Less:		
Funds held in current & non-current investments	(4,692,838)	(4,506,731)
	121,907,119	102,567,036
TOTAL RESTRICTED CASH	127,668,651	108,770,190

4. Financial Assets

	Actual 2015/16	Actual 2014/15
CURRENT		
Held to Maturity Investments maturing within 12 mths of reporting period	-	-
Held to Maturity Investments maturing later than 12 mths from reporting period Mortgage-Backed securities	4,692,838	4,506,731
Available-for-Sale Financial Assets Investment in WALGA Local Government House Trust *	126,526	143,108
	4,819,364	4,649,839

*) 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.

5. Interests in Joint Ventures

	Actual 2015/16	Actual 2014/15
Joint Venture in SMRC	6,093,158	8,437,737
	6,093,158	8,437,737
Refer note 17 for further detail on SMRC Joint Venture		

6. Trade & Other Receivables

	Actual 2015/16	Actual 2014/15
CURRENT	\$	\$
Rates Outstanding	1,668,444	1,011,305
Rubbish Charges Outstanding	110,530	230,247
Sundry Debtors	9,443,662	3,379,021
GST Receivable	2,434,241	849,851
	13,656,877	5,470,423
Rates Outstanding - Pensioners	738,851	632,550

7. Other Assets

	Actual 2015/16	Actual 2014/15
CURRENT	\$	\$
Prepayments	715,996	621,686
	715,996	621,686

8. Inventories

	Actual 2015/16	Actual 2014/15
	\$	\$
Fuel Depot	41,102	18,634
	41,102	18,634

9. Property, Plant & Equipment

a) Book Value

	Actual 2015/16	Actual 2014/15
	\$	\$
At Independent Valuation 2014	98,010,600	99,470,600
	98,010,600	99,470,600
BUILDINGS		
At Independent Valuation 2014	199,332,010	196,150,560
LESS Accumulated Depreciation	(73,847,838)	(69,836,150)
	125,484,173	126,314,409
FURNITURE AND EQUIPMENT		
At Management Valuation 2015	1,946,415	1,940,310
LESS Accumulated Depreciation	(1,672,252)	(1,528,223)
	274,163	412,086
COMPUTER EQUIPMENT		
At Management Valuation 2015	830,012	2,826,197
LESS Accumulated Depreciation	(19,974)	(1,792,852)
	810,038	1,033,345
PLANT AND MACHINERY		
At Management Valuation 2015	20,997,029	20,297,200
LESS Accumulated Depreciation	(9,473,940)	(8,932,777)
	11,523,089	11,364,424
WORK IN PROGRESS		
At cost		
	75,273,275	22,100,465
TOTAL PROPERTY, PLANT AND EQUIPMENT		
Gross Book Value	396,389,341	342,785,331
LESS Accumulated Depreciation	(85,014,004)	(82,090,002)
NET BOOK VALUE	311,375,337	260,695,329

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.

10. Infrastructure Assets

a) Book Value

	Actual 2015/16	Actual 2014/15
	\$	\$
At Management Valuation 2015 LESS Accumulated Depreciation	570,909,037 (160,475,410) 410,433,627	559,813,818 (159,360,816) 400,453,002
At Management Valuation 2015 LESS Accumulated Depreciation	245,116,705 (48,261,101) 196,855,604	249,798,853 (48,669,308) 201,129,545
At Management Valuation 2015 LESS Accumulated Depreciation	55,531,251 (14,707,037) 40,824,214	54,727,130 (14,624,162) 40,102,968
At Management Valuation 2015 LESS Accumulated Depreciation	69,046,722 (24,651,804) 44,394,918	58,435,440 (21,203,880) 37,231,560
At Management Valuation 2015	-	-
At Management Valuation 2015 LESS Accumulated Depreciation	35,844,253 (13,020,973) 22,823,280	35,137,559 (11,956,061) 23,181,498
At cost	20,884,694	15,168,890
Gross Book Value LESS Accumulated Depreciation NET BOOK VALUE	997,332,662 (261,116,325) 736,216,337	973,081,690 (255,814,227) 717,267,463

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. 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 infrastructure to be shown at fair value.

b) 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:

Asset Classification	Carrying amount at beginning of the year	add: Acquisitions	add: Gifted Development Assets	add / (less) increments/ (decrements)	less: Reversals	less: Depreciation	Transfers Completed & Capitalised During the year	Carrying amount at end of the year
Roads Infrastructure	400,453,002		5,154,444	8,838,026		(10,176,299)	6,164,454	410,433,627
Drainage Infrastructure	201,129,545		5,817,308	(8,168,628)		(2,498,163)	575,542	196,855,604
Footpaths Infrastructure	40,102,968			1,092,166		(1,156,861)	785,940	40,824,214
Parks Equipment	37,231,560		2,156,662	5,428,888		(2,699,803)	2,277,610	44,394,918
Refuse Site Infrastructure	23,181,498					(1,064,912)	706,694	22,823,280
Works in Progress	15,168,890	13,016,990					(7,301,186)	20,884,694
	717,267,464	13,016,990	13,128,414	7,190,452	0	(17,596,038)	3,209,054	736,216,337

11.Rehabilitation Assets

	Actual 2015/16	Actual 2014/15
NON CURRENT		
Post closure rehabilitation assets	\$ 16,517,533	\$ 8,565,455
Less: Accumulated amortisation	-	-
	<u>16,517,533</u>	<u>8,565,455</u>

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

Rehabilitation Assets

Opening balance at 1 July 2015	\$ 8,565,455
Increase / (decrease) in provision resulting from the remeasurement of the estimated future cash flows	7,952,078
Amortisation	-
Closing Balance at 30 June 2016	<u>16,517,533</u>

12.Trade & Other Payables

a) Trade & Other Payables

	Actual 2015/16	Actual 2014/15
CURRENT		
Creditors	21,244,213	5,832,478
Accrued Expenses	1,405,840	1,963,065
GST Payable	955,871	267,983
	<u>23,605,924</u>	<u>8,063,526</u>
NON CURRENT		
Sundry Deposits and Bonds	5,761,532	6,203,155

b) Borrowing

	Actual 2015/16	Actual 2014/15
CURRENT		
Debentures - Secured by Floating Charge	2,593,138	1,423,320
NON CURRENT		
Debentures - Secured by Floating Charge	23,150,036	743,174

Additional detail on borrowings is provided in Note 22.

13.Provisions

	Actual 2015/16	Actual 2014/15
CURRENT		
Provision for Annual Leave	3,312,104	2,766,414
Provision for Long Service Leave	2,113,784	1,852,386
	<u>5,425,888</u>	<u>4,618,800</u>
NON CURRENT		
Provision for Long Service Leave	1,874,457	1,834,293
Provision for Annual Leave	-	-
Provision for Site Rehabilitation	16,517,533	8,565,455
	<u>18,391,990</u>	<u>10,399,749</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Provision for Site Rehabilitation \$	Total \$
Opening balance as at 1 July 2015	2,766,414	3,686,679	8,565,455	15,018,549

City of Cockburn Financial Statement

Net movement	545,690	301,562	7,952,078	8,799,330
Balance at 30 June 2016	3,312,104	3,988,241	16,517,533	23,817,879

14. Reserves

15.

	Actual 2015/16	Budget 2015/16	Actual 2014/15
	\$	\$	\$
CASH BACKED RESERVES			
Staff Payments & Entitlements			
Opening Balance	2,049,042	1,988,978	2,271,100
Transfer from Accumulated Surplus - Interest	49,774	154,552	54,884
Transfer from Accumulated Surplus	110,000	110,000	110,000
Transfer to Accumulated Surplus	(93,523)	(180,000)	(386,942)
	<u>2,115,293</u>	<u>2,073,530</u>	<u>2,049,042</u>

This Reserve provides for payment of staff entitlements including leave, separation, bonus, awards and other payments made to Staff either through contractual or statutory entitlement. The purpose of this Reserve was broadened during the reporting year from its previous purpose of providing only for Leave Liability. Anticipated date of use: ongoing.

Plant & Vehicle Replacement

Opening Balance	7,416,121	4,214,532	5,930,546
Transfer from Accumulated Surplus - Interest	163,062	77,520	126,404
Transfer from Accumulated Surplus	2,802,657	2,800,000	3,450,000
Transfer to Accumulated Surplus	(2,129,467)	(2,797,000)	(2,090,830)
	<u>8,252,372</u>	<u>4,295,052</u>	<u>7,416,121</u>

This Reserve provides for the orderly replacement of plant and vehicles. Annual transfers into this Reserve are equivalent to the depreciation charge for plant each year. Funds are drawn as required to meet annual plant replacement costs. Anticipated date of use: ongoing.

Information Technology

Opening Balance	279,795	178,840	261,600
Transfer from Accumulated Surplus - Interest	6,913	36,514	5,369
Transfer from Accumulated Surplus	100,000	100,000	100,000
Transfer to Accumulated Surplus	(7,050)	(100,000)	(87,175)
	<u>379,658</u>	<u>215,354</u>	<u>279,795</u>

This Reserve Fund was set up to provide for the upgrading/replacement of Council's computer hardware and software depreciated over five years. An amount equivalent to the annual depreciation charge for computers is transferred to the Reserve each year. Funds are drawn as required to cover capital computer replacement costs. Anticipated date of use: ongoing.

Major Building Refurbishment

Opening Balance	5,452,406	5,524,551	5,439,366
Transfer from Accumulated Surplus - Interest	127,269	25,439	140,612
Transfer from Accumulated Surplus	4,928,686	4,928,686	-
Transfer to Accumulated Surplus	(679,794)	-	(127,572)
	<u>9,828,567</u>	<u>10,478,676</u>	<u>5,452,406</u>

This Reserve Fund 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.

Waste & Recycling

Opening Balance	21,330,958	17,940,198	18,659,246
Transfer from Accumulated Surplus - Interest	524,843	614,391	469,267
Transfer from Accumulated Surplus	2,233,448	2,703,369	3,607,510
Transfer to Accumulated Surplus	(242,497)	(324,000)	(1,405,066)
	<u>23,846,752</u>	<u>20,933,958</u>	<u>21,330,958</u>

This Reserve Fund was initially set up for the funding of capital costs associated with the development of a rubbish disposal site. It was recognised that land would be expensive to purchase and the stringent environmental standards required would result in high development costs. Transfers to this Reserve are made based on planned future capital funding requirements. Anticipated date of use: majority by the time landfill closes in 2040.

Land Development and Investment Fund Reserve

Opening Balance	5,605,100	5,738,759	4,719,455
Transfer from Accumulated Surplus - Interest	170,717	278,221	106,688
Transfer from Accumulated Surplus	3,679,491	15,125,432	3,116,453
Transfer to Accumulated Surplus	(3,106,478)	(10,350,000)	(2,337,496)
	<u>6,348,831</u>	<u>10,792,412</u>	<u>5,605,100</u>

This Reserve Fund 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 funds of the City. Anticipated date of use: ongoing.

Roads & Drainage Infrastructure

Opening Balance	3,207,854	1,758,452	2,026,150
Transfer from Accumulated Surplus - Interest	79,162	99,653	40,652
Transfer from Accumulated Surplus	4,876,387	-	1,594,821
Transfer to Accumulated Surplus	(4,197)	-	(453,769)
	<u>8,159,206</u>	<u>1,858,105</u>	<u>3,207,854</u>

The purpose of this Reserve Fund is to provide for the renewal and refurbishment of roads and drainage infrastructure and for the provision of the Government road grants. Anticipated date of use: ongoing.

	Actual 2015/16	Budget 2015/16	Actual 2014/15
	\$	\$	\$
Naval Base Shacks			
Opening Balance	828,752	772,223	766,921
Transfer from Accumulated Surplus - Interest	20,206	16,109	19,776
Transfer from Accumulated Surplus	103,088	158,497	89,129
Transfer to Accumulated Surplus	(16,176)	(17,875)	(47,073)
	<u>935,871</u>	<u>928,954</u>	<u>828,752</u>

This Reserve Fund was initially set up to provide funds for the development & refurbishment of the Naval Base Chalet Resort. It is envisaged that it will also fund rehabilitation costs required to be incurred 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 chalet sites. Anticipated date of use: no certain date for rehabilitation

Mobile Rubbish Bins

Opening Balance	-	-	63,279
Transfer from Accumulated Surplus - Interest	-	-	(708)
Transfer from Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus	-	-	(62,000)
	<u>-</u>	<u>-</u>	<u>572</u>

In 1989 Council introduced the use of Mobile Rubbish Bins for its waste collection service. In 1992, this reserve was established to provide for the replacement of the bins in due course. This Reserve has now been depleted and closed as bin replacement is funded through the annual operating budget for waste collection.

Community Infrastructure

Opening Balance	6,211,519	9,775,774	9,830,572
Transfer from Accumulated Surplus - Interest	153,500	198,992	251,723
Transfer from Accumulated Surplus	5,798,831	5,300,000	4,542,744
Transfer to Accumulated Surplus	(67,814)	-	(8,414,091)
	<u>12,096,036</u>	<u>15,274,766</u>	<u>6,210,948</u>

This Reserve was set up to fund 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.

Workers Compensation

Opening Balance	389,322	387,255	379,495
Transfer from Accumulated Surplus - Interest	9,639	15,187	9,827
Transfer from Accumulated Surplus	100,000	-	-
Transfer to Accumulated Surplus	(10,000)	-	-
	<u>488,961</u>	<u>402,442</u>	<u>389,322</u>

Council's Workers Compensation cover is provided by Municipal Workcare, which is a self-insurance scheme. If at a future date claims exceed income, then Council will be required to contribute further funds towards any deficit. These funds are held so that any additional contribution that may be called for would not impact on the annual budget. Anticipated date of use: ongoing.

Greenhouse Action Fund

Opening Balance	636,855	627,838	652,516
Transfer from Accumulated Surplus - Interest	14,378	13,617	16,403
Transfer from Accumulated Surplus	361,660	200,000	200,000
Transfer to Accumulated Surplus	(111,562)	(80,000)	(232,064)
	<u>901,331</u>	<u>761,455</u>	<u>636,855</u>

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.

Development Contribution Plans

Opening Balance	6,525,157	6,140,836	4,647,104
Transfer from Accumulated Surplus - Interest	178,621	104,795	138,974
Transfer from Accumulated Surplus	2,729,985	1,741,922	1,855,340
Transfer to Accumulated Surplus	(2,935,998)	(116,723)	(116,261)
	<u>6,497,765</u>	<u>7,870,830</u>	<u>6,525,157</u>

This Reserve was established 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.

Family Day Care Accumulation Fund

Opening Balance	-	-	22,383
Transfer from Accumulated Surplus - Interest	-	-	54
Transfer from Accumulated Surplus	8,295	-	1,876
Transfer to Accumulated Surplus	-	-	(24,314)
	<u>8,295</u>	-	-

This is a Reserve Fund that applies to grant funded welfare services. It is fully funded from the operating grants received by the service and thus has Municipal Fund. Anticipated date of use: ongoing.

	Actual 2015/16	Budget 2015/16	Actual 2014/15
	\$	\$	\$
Aged and Disabled Asset Replacement Reserve			
Opening Balance	430,493	298,869	322,162
Transfer from Accumulated Surplus - Interest	8,160	10,728	7,710
Transfer from Accumulated Surplus	60,317	60,317	104,119
Transfer to Accumulated Surplus	(172,023)	(165,000)	(3,499)
	<u>326,947</u>	<u>204,914</u>	<u>430,493</u>

This is a Reserve Fund that applies to grant funded welfare services. It is fully funded from the operating grants received by the service and thus has no effect on the Municipal Fund. Anticipated date of use: ongoing.

Welfare Projects Employee Entitlements

Opening Balance	432,255	429,960	444,422
Transfer from Accumulated Surplus - Interest	10,582	10,719	11,667
Transfer from Accumulated Surplus	124,280	-	37,479
Transfer to Accumulated Surplus	(87,306)	-	(61,313)
	<u>479,810</u>	<u>440,679</u>	<u>432,255</u>

This is a Reserve Fund that applies to grant funded welfare services. It is fully funded from the operating grants received by the service and thus has no effect on the Municipal Fund. Anticipated date of use: ongoing.

Bibra Lake Nutrient Management

Opening Balance	-	319,856	313,447
Transfer from Accumulated Surplus - Interest	-	11,999	8,117
Transfer from Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus	-	-	-
	-	<u>331,855</u>	<u>321,564</u>

This Reserve was established in 2002/03 to provide funds to manage the nutrients in Bibra Lake. This Reserve was amalgamated into the Bibra Lake Management Reserve as the purposes are compatible.

Contaminated Sites

Opening Balance	2,488,919	2,512,485	2,518,882
Transfer from Accumulated Surplus - Interest	59,914	50,542	64,181
Transfer from Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus	(226,138)	(100,000)	(94,144)
	<u>2,322,695</u>	<u>2,463,027</u>	<u>2,488,919</u>

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.

Municipal Elections

Opening Balance	51,009	50,738	49,721
Transfer from Accumulated Surplus - Interest	(890)	13,018	1,288
Transfer from Accumulated Surplus	150,000	150,000	-
Transfer to Accumulated Surplus	(165,905)	(200,000)	-
	<u>34,213</u>	<u>13,756</u>	<u>51,009</u>

This Reserve has been established to provide funding to cover election expenses during election years. An amount will be transferred into this reserve in non-election years. Anticipated date of use: ongoing.

Funded Services Redundancies Reserve

Opening Balance	39,839	146	2,991
Transfer from Accumulated Surplus - Interest	986	-	56
Transfer from Accumulated Surplus	-	-	39,692
Transfer to Accumulated Surplus	-	-	(2,900)
	<u>40,825</u>	<u>146</u>	<u>39,839</u>

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.

Port Coogee Special Maintenance - SAR

Opening Balance	1,224,733	906,531	1,005,468
Transfer from Accumulated Surplus - Interest	27,554	22,623	24,874
Transfer from Accumulated Surplus	341,727	274,438	312,317
Transfer to Accumulated Surplus	(193,885)	(132,305)	(117,925)
	<u>1,400,129</u>	<u>1,071,287</u>	<u>1,224,733</u>

This Reserve was established to manage the funds raised through the specified area rate for the Port Coogee development. These funds are required for the specialised maintenance requirements of the development. Anticipated date of use: ongoing.

Public Open Space (POS) Cash in Lieu Trust

Opening Balance	5,485,916	5,675,824	4,240,466
Transfer from Accumulated Surplus - Interest	134,863	130,194	125,291
Transfer from Accumulated Surplus	452,457	-	1,601,101
Transfer to Accumulated Surplus	(601,594)	(527,000)	(480,943)
	<u>5,471,641</u>	<u>5,279,018</u>	<u>5,485,916</u>

This Reserve serve was established for holding Council's public open space cash in lieu trust funds. Anticipated date of use: ongoing.

	Actual 2015/16	Budget 2015/16	Actual 2014/15
	\$	\$	\$
Community Surveillance Levy Reserve			
Opening Balance	1,481,926	518,798	653,841
Transfer from Accumulated Surplus - Interest	35,866	29,127	13,741
Transfer from Accumulated Surplus	-	-	1,005,395
Transfer to Accumulated Surplus	(272,301)	(220,000)	(191,051)
	<u>1,245,490</u>	<u>327,925</u>	<u>1,481,926</u>

This Reserve was established to fund activities in relation to Community Surveillance. Anticipated date of use: ongoing.

Community Infrastructure – Development Contributions Reserve

Opening Balance	16,479,668	15,494,450	10,029,345
Transfer from Accumulated Surplus - Interest	264,337	140,052	337,310
Transfer from Accumulated Surplus	6,465,284	5,000,000	6,249,691
Transfer to Accumulated Surplus	(12,848,030)	(6,783,463)	(136,678)
	<u>10,361,258</u>	<u>13,851,039</u>	<u>16,479,668</u>

This reserve has been established to account for the funds generated from the Community Infrastructure Developer Contributions Scheme established under the City's Town Planning Scheme No. 3. Anticipated date of use: ongoing.

Waste Collection Levy Surplus

Opening Balance	1,055,070	52,610	264,697
Transfer from Accumulated Surplus - Interest	26,656	1,511	5,434
Transfer from Accumulated Surplus	1,681,022	1,090,079	1,110,439
Transfer to Accumulated Surplus	(121,219)	(580,000)	(325,500)
	<u>2,641,530</u>	<u>564,200</u>	<u>1,055,070</u>

This Reserve is used to manage any surplus' generated from the annual waste collection levy versus the service costs. Anticipated date of

use: ongoing.

Cockburn Super Clinic

Opening Balance	-	-	1,936,374
Transfer from Accumulated Surplus - Interest	-	-	30,964
Transfer from Accumulated Surplus	-	-	3,067
Transfer to Accumulated Surplus	-	-	(1,970,405)
	-	-	-

This reserve was established for the purpose of managing and meeting the accountability requirements for the federal grant funds towards the construction of the GP super clinic on Wentworth Pde, Success.

Naval Base Leaseholder Dwelling Removal

Opening Balance	397,285	340,773	333,945
Transfer from Accumulated Surplus - Interest	9,836	4,189	8,648
Transfer from Accumulated Surplus	54,693	54,693	54,693
Transfer to Accumulated Surplus	-	-	-
	461,814	399,655	397,285

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. Anticipated date of use: ongoing.

Underground Power

Opening Balance	550,927	769,646	754,224
Transfer from Accumulated Surplus - Interest	13,640	-	19,175
Transfer from Accumulated Surplus	1,030,000	1,030,000	1,149,592
Transfer to Accumulated Surplus	(1,372,063)	(1,372,063)	(1,372,063)
	222,504	427,583	550,927

This Reserve is for managing the funds raised through prescribed service charges for the undergrounding of power within the district. Anticipated date of use: 2016/17.

Environmental Offset

Opening Balance	284,550	283,039	277,368
Transfer from Accumulated Surplus - Interest	7,045	-	7,183
Transfer from Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus	-	-	-
	291,595	283,039	284,550

Purpose of the reserve is to receive funds so as to undertake environmental rehabilitation of land associated with road construction as approved by the relevant government agency. Anticipated date of use: ongoing.

Bibra Lake Management Reserve

Opening Balance	1,070,427	794,506	847,819
Transfer from Accumulated Surplus - Interest	25,644	-	21,044
Transfer from Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus	(110,633)	(600,000)	(120,000)
	985,439	194,506	748,863

Purpose of the reserve is to receive funds so as to implement the Bibra Lake Management Plan as adopted by Council. The opening balance includes funds from the amalgamated Bibra Lake Nutrient Management Reserve. Anticipated date of use: ongoing.

	Actual 2015/16	Budget 2015/16	Actual 2014/15
	\$	\$	\$
Restricted Grants & Contributions Reserve			
Opening Balance	5,569,838	2,108,490	5,923,657
Transfer from Accumulated Surplus - Interest	(4)	-	156
Transfer from Accumulated Surplus	2,247,700	-	3,458,719
Transfer to Accumulated Surplus	(5,587,055)	(39,759)	(3,812,694)
	2,230,479	2,068,732	5,569,838

Purpose of the reserve is to quarantine monies received for restricted purposes across financial years Anticipated date of use: ongoing.

CIHF Building Maintenance Reserve

Opening Balance	2,189,423	-	-
Transfer from Accumulated Surplus - Interest	61,178	-	7,650
Transfer from Accumulated Surplus	1,072,590	1,000,000	2,181,773
Transfer to Accumulated Surplus	-	-	-
	3,323,192	1,000,000	2,189,423

City of Cockburn Financial Statement

Purpose of the reserve is to provide funding for major building maintenance of the Cockburn Integrated Health Facility at Cockburn Central. Anticipated date of use: ongoing.

Cockburn Central West Recreation Facility Reserve

Opening Balance	7,908,607	-	-
Transfer from Accumulated Surplus - Interest	301,076	-	-
Transfer from Accumulated Surplus	14,688,595	8,700,000	12,491,292
Transfer to Accumulated Surplus	(12,017,517)	(6,950,000)	(4,582,685)
	<u>10,880,762</u>	<u>1,750,000</u>	<u>7,908,607</u>

Purpose of the reserve is to manage funds for the development of the Cockburn Central West Recreation Facility. Anticipated date of use: fund will be exhausted in 16/17.

Carry Forward Projects Reserve

Opening Balance	-	-	-
Transfer from Accumulated Surplus - Interest	-	-	-
Transfer from Accumulated Surplus	9,657,071	10,500,000	-
Transfer to Accumulated Surplus	(5,636,373)	-	-
	<u>4,020,698</u>	<u>10,500,000</u>	<u>-</u>

This reserve is to manage municipal funds for incomplete projects carried forward to the following financial year. Anticipated date of use: ongoing.

SUMMARY CASH BACKED RESERVES

Opening Balance	107,073,767	85,604,958	85,588,563
Transfer from Accumulated Surplus - Interest	2,484,527	2,059,692	2,074,414
Transfer from Accumulated Surplus	65,858,263	61,027,433	48,467,243
Transfer to Accumulated Surplus	(48,816,600)	(31,635,188)	(29,056,453)
Transfer to Accumulated Surplus-Impairment	-	-	-
TOTAL CASH BACKED RESERVES	<u>126,599,957</u>	<u>117,056,895</u>	<u>107,073,767</u>

RESERVES OTHER

Asset Revaluation Reserve			
Opening Balance	568,241,909	409,948,250	531,589,662
Revaluation net increments made during the year	7,190,450	-	36,652,247
TOTAL RESERVES OTHER	<u>575,432,360</u>	<u>409,948,250</u>	<u>568,241,909</u>

TOTAL RESERVES

	<u>702,032,316</u>	<u>527,005,145</u>	<u>675,315,676</u>
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Reconciliation

Opening Balance	675,315,676	495,553,208	617,178,225
Transfer from Accumulated Surplus - Interest	9,674,978	2,059,692	38,726,661
Transfer from Accumulated Surplus	65,858,263	61,027,433	48,467,243
Transfer to Accumulated Surplus	(48,816,600)	(31,635,188)	(29,056,453)
Transfer to Accumulated Surplus-Impairment	-	-	-
	<u>702,032,316</u>	<u>527,005,145</u>	<u>675,315,676</u>

15. Revaluation Surplus

Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:

	Actual 2015/16	Actual 2014/15
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
Land		
Opening balance	118,679,531	118,679,531
	118,679,531	118,679,531
Opening balance		
	22,405,632	22,405,632
Opening Balance	231,301,929	213,820,054
Revaluation Increment/(Decrement)	8,838,026	17,481,874
	240,139,955	231,301,929
Opening Balance	151,027,196	135,494,667
Revaluation Increment/(Decrement)	(8,168,629)	15,532,529
	142,858,567	151,027,196
Opening Balance	26,094,236	23,493,420
Revaluation Increment/(Decrement)	1,092,166	2,600,817
	27,186,403	26,094,236
Opening Balance	18,733,385	17,696,358
Revaluation Increment/(Decrement)	5,428,888	1,037,027
	24,162,273	18,733,385
TOTAL REVALUATION SURPLUS	575,432,360	568,241,909
Opening Balance	568,241,909	531,589,662
Revaluation net increments made during the year	7,190,450	36,652,247
TOTAL REVALUATION SURPLUS	575,432,360	568,241,909

16. Notes to Statement of Cash Flows

a) Reconciliation of Net Cash Used in Operating

Reconciliation of Net Cash Provided by/(Used in) Operating Activities to Change in Net Assets Resulting from Operations.

	Actual 2015/16	Budget 2015/16	Actual 2014/15
	\$	\$	\$
Net Result	51,684,141	41,355,058	31,619,526
Add (Less) non-cash items:			
Depreciation	24,855,452	27,681,784	25,027,845
(Profit)/Loss on Sale of Assets	(243,160)	(8,171,209)	(1,825,134)
Impairment - Infrastructure Park Landscape	-	-	15,701,497
Impairment charge provision	-	-	-
Land Ceded to the Crown	610,366	-	-
Employee entitlements provision	847,252	595,980	312,780
Accrued investment income	(240,026)	-	(149,694)
Joint Venture Investment	2,361,161	-	(1,417,788)
Recognition of infrastructure assets previously not recognised	(13,128,414)	-	(13,393,722)
Less: Grants & Contributions for the Development of Assets	(32,838,270)	(26,705,947)	(18,497,201)
Change in Assets and Liabilities:			
(Increase)/Decrease in Rates Debtors & Deferred Rates	(7,649,031)	-	(299,651)
(Increase)/Decrease in Sundry Debtors	(22,468)	-	20,787
(Increase)/Decrease in Stock on Hand	15,542,398	-	(560,419)
Increase/(Decrease) in Creditors & Accruals	119,717	-	16,124
(Increase)/Decrease in Rubbish Debtors	-	-	-
Increase/(Decrease) on Income Received in Advance	(94,310)	-	(69,285)
(Increase)/Decrease in Prepayments	-	-	-
NET CASH USED IN OPERATING ACTIVITIES	41,041,367	34,755,666	36,212,603

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 Cash Flow Statement is reconciled to the related item in the Balance Sheet as follows: -

	Actual 2015/16	Budget 2015/16	Actual 2014/15
	\$	\$	\$
Cash at Bank	8,528,960	21,465,061	4,360,482
Cash on Hand	22,768	30,000	26,350
Term Deposits	143,002,272	98,761,053	124,631,229
Cash & Cash Equivalents at end of Reporting Period	151,554,000	120,256,114	129,018,060

c) Undrawn Borrowing Facilities

	Actual 2015/16	Actual 2014/15
	\$	\$
Credit Standby Arrangements	250,000	250,000
Credit Card limit	50,458	58,849
Credit Card Balance at Balance Date	199,542	191,151
Total Amount of Credit Unused	199,542	191,151

17. Investment in Joint Venture - SMRC

The City is a member of the Southern Metropolitan Regional Council (SMRC) and also a participant in the Regional Resource Recovery Centre (RRRC).

The RRRC is controlled by a regional local government established in accordance with the Local Government Act 1995. The regional local government being the SMRC consists of six local governments of which four are participants in the RRRC.

Participating Local Governments are required to contribute an annual fee to cover the capital cost in the establishment of the facility and pay gate fees for each tonne of waste they deliver to the facility to cover the operating costs. The capital costs for each participating Local Government member is based on the Australian Bureau of Statistics population statistics. Each project participant will develop equity in the project equal to the relevant proportion of the total capital loan repayments made by that project participant. The City of Cockburn's interest in the RRRC is 42.53 per cent.

The City of Cockburn has guaranteed, by way of agreement, its share of the Loan Liability to the SMRC and the Western Australian Treasure Corporation (funding body). The City of Cockburn's share of the outstanding loan liabilities of RRRC at 30 June 2016 is

\$9,858,413 (unaudited). The City's share of the outstanding loan liability for the SMRC Admin Building at 30 June 2016 is \$667,620 (unaudited).

	2015/16 Actual \$ (audited)	2014/15 Actual \$ (audited)
The City's share in the net assets of the SMRC (excluding equity) Equity Ratio	5,215,229	7,690,632
Represented by Share of Joint Venture entity's Financial Position:		
Current Assets	5,784,371	5,558,254
Non Current Assets	12,840,615	16,799,485
Total Assets	<u>18,624,986</u>	<u>22,357,739</u>
Current Liabilities	5,375,605	5,327,788
Non Current Liabilities	7,156,223	8,592,214
Total Liabilities	<u>12,531,828</u>	<u>13,920,002</u>
Net Assets	<u>6,093,158</u>	<u>8,437,737</u>
Net Increase/(Decrease) in Equity - SMRC Joint Venture	<u>(2,344,579)</u>	

City of Cockburn's withdrawal from the Regional Resource Recovery Centre (RRRC) Project

Council resolved on the 9th June 2016 to give notice to the other RRRC project participants of its withdrawal from the RRRC Project Participants' Agreement. The notice is effective as of 30 June 2016 and the withdrawal will take effect on 30 June 2017 (following a 12 month notice period).

In accordance with the RRRC Project Agreement, the SMRC is required to prepare an amended business plan of the RRRC Project having regard to the effect of the City's withdrawal. The amended business plan is expected to be finalised by December 2016 and will include a determination and subsequent division of certain surplus funds, assets and liabilities.

Until the amended business plan is finalised, the financial impact upon the City from the withdrawal will not be fully known.

18. Contingent Liabilities

a) Regional Resource Recovery Centre - Lending Facility

Council is a participant in the Regional Resource Recovery Centre Joint Venture. The project was established through the Southern Metropolitan Regional Council (SMRC) and involves the cities of Canning, Cockburn, Fremantle, Melville and the Town of East Fremantle in the development of a waste processing plant and a recyclable and green waste facility at Canning Vale.

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

The Council's estimated share of the project funding is based upon population percentages as derived from the Australian Bureau of Statistics census. These are now revised yearly over the life of the loan. Council's share in the 2015/16 year is 42.53%.

As at 30th June 2016, the balance outstanding against the lending facility stood at \$23,179,903 with Council's share of this liability being \$9,858,413 (calculated using the percentage of 42.53%).

Council's annual contribution towards the repayment of interest and principal on the lending facility is currently around \$1.62 million (approx. \$40 per household).

Council has guaranteed by way of agreement its share of the loan liability to the SMRC and the Western Australian Treasury Corporation (funding body).

b) SMRC Administration Building - Lending Facility

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

As at 30th June 2016, the balance outstanding against this facility stood at at \$1,800,000 with Council's share of this liability being \$667,620 (using the current cost/profit sharing percentage of 37.09%).

c) ATO GST Audit - Unimproved Land Sales

The Australian Taxation Office (ATO) instigated an audit into the City's GST treatment of unimproved land sales made during the period 1 September 2009 to 30 September 2013. Specifically, it investigated the City's application of the margin scheme to land sales made under Item 4 of subsection 75-10(3) of the GST Act and whether the City correctly accounted for the GST attributable to these sales. The audit completed in December 2014 found that the City had not correctly accounted for GST on these land sales by a shortfall of \$782,747. This finding was premised on the ATO's view that some of the land had been improved prior to 1 July 2000 (mainly through land clearing) and that this had enhanced the value of the land compared to its natural state. However, the City's tax advisor's position is that the ATO have erred with their interpretation of the facts and is currently acting on behalf of the City (and several other clients with similar issues) in responding to the ATO's audit findings.

Upon advice, the City has since entered the ATO's Alternative Dispute Resolution (ADR) process that was developed to resolve issues in respect of 'land on which there are no improvements', applicable for section 38-445 and Item 4 of subsection 75-10(3) of the A New Tax System (Goods and Services Tax) Act 1999. The City's ADR matter will be dealt with in sequential order by the ATO after it has resolved other ADR matters ahead in the queue.

The City and other affected taxpayers are currently awaiting the outcome of a second ADR neutral evaluation process presently being conducted by the ATO. This case has similar facts to those of the City's land sales and the ATO envisages the process being completed by 31 March 2017.

The ATO has advised that in the event the City's ADR process finds that Item 4 is not applicable to the land sales in question, it will review its audit decision to consider the City's ability to apply alternative margin scheme provisions to the land sales. This scenario would most likely lead to some reduction in the audit result of a \$782,747 tax liability.

Given the tax advice received to date, the City remains confident that the ATO's audit findings will be amended following the resolution of its ADR process. Until this process has run its course, the City will continue disclosing a contingent liability in the financial statements.

19. Capital & Leasing Commitments

Capital Commitments

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

	Actual 2016	Actual 2015
Contracted for:	\$	\$
Capital expenditure projects	33,589,504	3,258,628
Plant & equipment purchases	2,537,759	-
	36,127,263	3,258,628

Operating Leasing Commitments

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

	Actual 2015/16	Actual 2014/15
Payable:	\$	\$
Not later than 1 year	599,046	684,096
Later than 1 year but not later than 5 years	610,834	736,875
Later than 5 years	-	-
	1,209,880	1,420,971

20. Assets

a. Assets Classified by Function

Total Assets Classified by Function and Activity

	Actual 2015/16	Actual 2014/15
General Purpose Funding	56,990,186	41,636,420
Governance	28,965,663	22,685,367
Law, Order and Public Safety	2,364,945	2,717,356
Health	2,042,004	2,114,025
Education and Welfare	2,332,666	2,824,896
Community Amenities	74,126,965	69,840,637
Recreation and Culture	196,060,761	129,135,664
Transport	685,238,718	696,183,914
Economic Services	3,939,698	3,348,088
Other Property and Services	189,666,947	164,890,812
Total	1,241,728,554	1,135,377,178

City of Cockburn Financial Statement

b. Disposal of Assets

	NET BOOK VALUE		SALE PRICE		PROFIT/(LOSS)	
	Actual 2015/16	Adopted Budget 2015/16	Actual 2015/16	Adopted Budget 2015/16	Actual 2015/16	Adopted Budget 2015/16
BY FUNCTION	\$	\$	\$	\$	\$	\$
Governance	-	-	-	-	-	-
Law, Order and Public Health	-	-	-	-	-	-
Education and Welfare	-	-	42,300	30,000	42,300	30,000
Community Amenities	-	-	-	-	-	-
Recreation and Culture	90,767	-	-	-	(90,767)	-
Transport	148,818	884,540	432,167	678,000	283,348	(206,540)
Economic Services	-	-	-	-	-	-
Other Property and Services	2,934,988	6,995,250	2,943,266	15,343,000	8,278	8,347,750
Total	3,174,573	7,879,791	3,417,732	16,051,000	243,160	8,171,209
BY ASSET						
Land	2,466,838	6,452,062	2,436,364	14,890,000	(30,474)	8,437,938
Buildings	90,767	-	-	-	(90,767)	-
Infrastructure - Parks	-	-	-	-	-	-
Furniture and Equipment	-	-	-	-	-	-
Computers	-	-	-	-	-	-
Plant and Equipment	616,968	1,427,729	981,369	1,161,000	364,400	(266,729)
Total	3,174,573	7,879,791	3,417,732	16,051,000	243,160	8,171,209

Control over Contributions

Funding Bodies	Purpose	Function	Opening Balance (1) 1/07/14	Received 2014/15	Expended 2014/15	Closing Balance (1) 30/06/15	Received 2015/16	Expended 2015/16	Closing Balance 30/06/16
Alcoa Kwinana Refinery	Operating grants for delivering services	Recreation & Culture	1,213.66	450.00	1,663.66	-	10,000.00	-	10,000.00
Department Child Protection and Family Support	Operating grants for delivering services	Education & Welfare	110,682.52	453,486.91	472,846.90	91,322.53	294,998.91	343,547.50	42,773.94
Department Local Government and Communities	Operating grants for delivering services	Education & Welfare	67,943.68	346,636.39	391,822.91	22,757.16	416,392.28	393,111.01	46,038.43
Department of Attorney General	Operating grants for delivering services	Education & Welfare	10,674.73	8,153.99	18,828.72	-	7,702.01	7,702.01	-
Department of Corrective Services	Operating grants for delivering services	Education & Welfare	71,641.56	244,787.57	309,170.16	7,258.97	135,765.33	140,290.47	2,733.83
Department of Education, Employee & Workplace	Operating grants for delivering services	Education & Welfare	-	11,002.82	10,827.50	175.32	-	175.32	-
Department of Education and Training	Operating grants for delivering services	Education & Welfare	2,096.82	2,768,711.34	2,750,152.20	20,655.96	2,999,444.19	3,004,954.49	15,145.66
Department of Fire and Emergency Services	Operating grants for delivering services	Law Order & Public Safety	16,984.84	238,893.41	238,893.41	16,984.84	238,550.00	255,534.84	-
Department of Health	Operating grants for delivering services	Education & Welfare	49,888.39	1,656,230.00	1,698,338.89	7,779.50	1,681,073.00	1,688,766.42	86.08
Department of Infrastructure and Regional Development	Capital grants for roads constructions	Transport	-	185,000.00	152,012.58	32,987.42	1,998,968.00	2,031,955.42	-
Department of Local Government	Operating grants for delivering services	Law Order & Public Safety	9,600.00	-	9,600.00	-	-	-	-
Department of Social Services	Operating grant for delivering a service	Education & Welfare	10,879.91	470,926.33	445,771.84	36,034.40	334,522.57	321,373.62	49,183.35
Department of Sports and Recreation	Operating grant for delivering a service	Governance	61,343.72	79,062.94	140,406.66	-	151,086.30	151,086.30	-
Department of Transport	Operating grant for coastal and adaptation study	Recreation & Culture	72,205.10	70,000.00	25,143.53	117,061.57	77,612.11	69,059.11	125,614.57
Disability Services Commission	Operating grants for delivering services	Education & Welfare	13,536.95	-	13,536.95	-	23,640.00	21,383.00	2,257.00
Fremantle Dockers Football Club	Developer contribution for building construction	Governance	376,359.33	-	376,359.33	-	-	-	-
Fremantle Ports	Operating grants for delivering services	Recreation & Culture	12,429.14	10,642.70	20,215.00	2,856.84	10,162.41	8,000.00	5,019.25
Main Roads WA	Capital grants for roads constructions	Transport	1,885,349.39	2,187,339.54	2,907,622.83	1,165,066.10	1,972,001.00	1,518,651.92	1,618,415.18
Medicare Australia	Operating grant for delivering a service	Health	85,000.00	-	78,036.39	6,963.61	-	6,963.61	-
Ngala and Parenting Research Centre	Operating grants for delivering services	Education & Welfare	1,909.27	8,792.00	10,572.52	128.75	10,680.00	9,697.84	1,110.91
Private contributions	Private contributions for delivering services	Education & Welfare	39,352.22	74,094.07	48,018.47	65,427.82	323,941.86	157,607.88	231,761.80
Public Transport Authority of WA	Capital grant for bus stop construction	Transport	20,000.00	75,304.00	95,304.00	-	-	-	-
State Emergency Management Committee	Operational grants for bushfire prevention	Law Order & Public Safety	22,727.27	-	22,727.27	-	45,000.00	33,843.65	11,156.35
State Natural Resource Management Office	Operating grants for delivering services	Community Amenities	-	48,000.00	39,163.85	8,836.15	10,000.00	8,836.15	10,000.00
Western Australian Local Government Association (WALGA)	Capital grant for building construction	Recreation & Culture	-	-	-	-	63,636.36	4,454.10	59,182.26
Western Australian Planning Commission (WAPC)	Operating grant for environmental services	Recreation & Culture	900.00	14,100.00	15,000.00	-	28,000.00	28,000.00	-
Western Australian Police	Capital grants for CCTV implementation and operating grants for delivering services	Law Order & Public Safety	22,407.43	7,994.00	30,401.43	-	-	-	-
Grand Total			2,965,125.93	8,959,608.01	10,322,437.00	1,602,296.94	10,833,176.33	10,204,994.66	2,230,478.61

(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.

21. Financial Ratios

	2106	2015	2014
Current Ratio	1.211	1.869	1.811
Asset Sustainability Ratio	1.399	0.378	0.316
Debt Service Cover Ratio	20.631	16.625	21.507
Operating Surplus Ratio	0.049	-0.002	0.091
Own Source Revenue Ratio	1.003	0.898	1.012

The above ratios are calculated as follows:

Current Ratio = current assets minus restricted current assets over current liabilities minus liabilities associated with restricted assets.

Asset Sustainability Ratio = capital renewal and replacement expenditure over depreciation expense

Debt Service Cover Ratio = annual operating surplus before interest and depreciation over principal and interest

Operating Surplus Ratio = operating revenue minus operating expense over own source operating revenue

Own Source Revenue Ratio = own source operating revenue over operating expense

The following information relates to those ratios which only require an attestation they have been checked and are supported by verifiable information.

	2016	2015	2014
Asset Consumption Ratio	0.714	0.712	0.699
Asset Renewal Funding Ratio	0.741	0.767	1.027

The above ratios are calculated as follows:

Asset Consumption Ratio = depreciated replacement cost of assets over current replacement cost of depreciated assets

Asset Renewal Funding Ratio = NPV of planned capital renewals over 10 years over NPV of required capital expenditure over 10 years

22. Information on Borrowings

Debenture Repayments

Particulars/Purpose	Principal 1 July 2015	Interest Rate	Maturity Date	Principal		Principal 30 June 2016		Interest Repayments	
				Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Law Order & Public Safety									
To assist fund the Emergency Services Head Quarters in Cockburn Central (FESA Funded)	832,441	4.29%	4 June 2023	89,267	89,267	743,174	743,174	37,585	35,325
Other Property & Services									
Loan to assist fund the costs associated with the undergrounding of power in Coolbellup East and Hamilton Hill (repayment to be funded from the applicable Specified Area Rate).	1,334,052	3.56%	4 June 2016	1,334,052	1,334,052	0	0	40,767	38,011
Total	2,166,493			1,423,320	1,423,320	743,174	743,174	78,352	73,336

New Debenture

Particulars/Purpose	Amount Borrowed: Actual \$	Amount Borrowed: Budget \$	Interest Rate	Start Date	Maturity Date	Institution	Amount Used: Actual \$	Amount Used: Budget \$	Balance: Unspent \$
Recreation & Culture To assist fund the Cockburn Central West development	25,000,000	25,000,000	2.96%	27 June 2016	27 June 2026	WATC	(25,000,000)	(25,000,000)	0
Total	25,000,000	25,000,000					(25,000,000)	(25,000,000)	0

Unspent Debentures

There is no unspent debenture as at 30 June 2016

Overdraft

The City has not utilised an overdraft Facility during the year.

23. Statement of Rating

a) Statement of Rating Information for Year Ended 30 June 2016

	NON-MINIMUM				MINIMUMS				TOTALS					
	Qty	Rateable value \$	Rate in \$	Yield \$	Budget 2015-2016	Qty	Rateable Value \$	Amount \$	Yield \$	Budget 2015-2016	Qty	Rateable Value \$	Yield \$	Budget 2015-2016
GRV														
Commercial Caravan Parks	2	1,778,244	0.0816300	145,158	145,158	2	1,778,244	0	0	0	2	1,778,244	145,158	145,158
Residential Improved	26,042	592,179,240	0.0707400	41,890,759	40,942,944	11,638	180,546,858	1,250	14,547,500	14,472,500	37,680	772,726,098	56,438,259	55,415,444
Residential - Vacant	1,580	28,745,600	0.0911700	2,620,736	2,689,516	1,482	9,146,156	722	1,070,004	813,694	3,062	37,891,756	3,690,740	3,503,210
Comm & Industrial - Improved	2,339	188,697,869	0.0733000	13,831,554	13,715,813	193	1,356,005	722	139,346	123,462	2,532	190,053,874	13,970,900	13,892,027
Comm & Industrial - Vacant	219	14,947,107	0.0911700	1,362,728	1,457,940	6	16,150,000	722	4,332	4,332	225	14,963,257	1,367,060	1,462,272
Large Comm & Industrial - Improved	52	114,927,129	0.0805800	9,260,828	9,204,422	2	184,000	880	1,760	880	56	73,568,000	280,619	251,011
Jandakot Airport - Standard	1	14,433,797	0.0723900	1,044,863	2,208,966	12	1,447,630	880	10,560	30,800	280	220,959,730	550,560	598,397
Jandakot Airport - Major	1	20,916,000	0.0805800	1,685,411				722		0	1	20,916,000	1,685,411	2,208,966
UV														
Rural - Vacant Land	54	73,384,000	0.0038000	278,859	250,131	2	184,000	880	1,760	880	56	73,568,000	280,619	251,011
Rural General	268	219,512,100	0.0024600	540,000	556,427	12	1,447,630	880	10,560	30,800	280	220,959,730	550,560	598,397
Total Rates Levied	30,558	1,269,521,086		72,660,896	71,171,317	13,333	192,696,799		15,773,502	15,445,668	43,891	1,462,217,885	88,434,398	86,680,907
Interim Rates - GRV & UV														
Rates Received in Advance														
Residential Improved - Concessions				(1,492,769.96)									(1,492,769.96)	
Total General Rates	30,558	1,269,521,086		71,168,126	71,171,317	13,333	192,696,799		15,773,502	15,445,668	43,891	1,462,217,885	91,311,030	89,031,014

b)

c) Specified Area Rate for Year Ended 30 June 2016

	Rate in	Basis	Qty	Rateable Value	Yield	Interim	Budget	Applied to	Budget
	\$	of Rate		\$	\$	Rate	2015-2016	Costs	Applied to
						Revenue			Costs
						\$	\$	\$	\$
Port Coogee Special	0.014	GRV	808	24,100,800	337,411.20	4,316	274,438	341,727	274,438

24. Prescribed Service Charges

Property Surveillance & Security

Section 6.38 of the Local Government Act 1995 allows Council to impose service charges on owners or occupiers to meet the costs of providing a prescribed service in relation to the land. Section 54 of the Local Government (Financial Management) Regulations 1996 prescribes the provision of a security services as an allowable service charge.

In accordance with Section 6.32 of the Local Government Act 1995, Council imposed a whole of district security patrol service charge during the reporting year. Financial details for this charge are as follows:

Amount of each service charge: = \$67.00

	Actual 2015/16	Budget 2015/16
Total amount of revenue collected from service charge for reporting year:	70,381	62,082
Add: Amount of funds b/f from previous year for unspent service charges	1,481,926	1,481,926
Less: Amount of total funds applied during the reporting year in meeting the costs of the service provided by Wilson Parking Australia were:	(306,816)	(314,313)
Amount of funds un-applied as at 30 June 2016 (carried forward into the following year to meet future service costs).	1,245,490	1,229,695

Underground Power - Coolbellup East and Hamilton Hill

Section 6.38 of the Local Government Act 1995 allows Council to impose service charges on owners or occupiers to meet the costs of providing a prescribed service in relation to the land. Section 54 of the Local Government (Financial Management) Regulations 1996 prescribes the provision of a security services as an allowable service charge.

Amount of each service charge:	
- Infrastructure Fee	\$510.00
- Connection Fee	\$100.00

	Actual 2015/16	Budget 2015/16
Total amount of revenue collected from service charge for reporting year:	1,031,962	1,037,370
Add: Amount of funds b/f from previous year for unspent service charges	550,927	550,927
Add: Loan funding received	0	0
Add: Grant funding received	0	0
Less: Amount of total funds applied during the reporting year in meeting the costs of the construction were:	(1,582,889)	(1,588,297)
Amount of funds un-applied as at 30 June 2016 (carried forward into the following year to meet future service and financing costs).	0	0

25. Fees and Charge

	Actual 2015/16	Actual 2014/15
	\$	\$
Administration Fees	256,341	239,164
Rate Search Fees	86,331	105,745
Admin Fee - FESA	88,120	86,150
Other Fees & Charges	128,036	103,313
	558,828	534,373
Administration Service Charges	618	450
Other Fees & Charges	18,030	13,740
	18,648	14,190
Dog Registration Fees	267,175	221,872
Licences	6,882	737
Impounding Fees	50,376	52,794
Fines, Infringements & Penalties	184,420	510,896
Other Fees & Charges	96,540	55,978
	605,392	842,277
Administration, Application & Inspection Fees	19,754	19,125
Administration Fees & Licences	223,535	197,525
Fines & Penalties	34,042	1,015
Other Fees & Charges	1,179	417
	278,509	218,082
Client Fees	234,532	270,718
Lease / Rental Income	69,004	56,945
Other Fees & Charges	1,173,765	865,747
	1,477,301	1,193,411
Planning Fees & Charges	1,458,368	1,765,952
Rubbish Removal Charges	2,532,287	19,041,157
Rubbish Tipping Fees	6,845,805	8,532,499
Other Fees & Charges	848,744	1,055,600
	11,685,204	30,395,208
Recreation and Culture		
Client Fees	-	(3,585)
Hall Hires	309,491	261,645
Reserve Hires	243,410	208,235
Leasehold Rentals	56,993	55,105
Recreation Centre Charges	2,829,365	2,827,902
Other Fees & Charges	101,099	84,676
	3,540,358	3,433,977
Supervision Fees	244,772	251,057
Other Fees & Charges	78,608	64,715
	323,379	315,772
Building Licences	1,102,584	1,287,988
Caravan Park Leases / Licences	213,473	210,566
Assessment & Application Fees	3,110	3,100
Swimming Pool Inspection Fees	237,412	227,777
Fines & Penalties	27,526	30,525
Other Fees & Charges	534,200	507,070
	2,118,305	2,267,027
Other Property and Services		
Private Works Revenue	4,635	11,759
Other Fees & Charges	1,462,421	1,085,845
	1,467,055	1,097,604
TOTAL FEES & CHARGES	22,072,981	40,311,919

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

26. Interest Charges, Administration Fees and Instalments

	Interest Rate	Admin Fee	Actual 2015/16	Actual 2014/15
	%	\$	\$	\$
Administration Fee		5.00	256,341	239,164
Penalty Interest	8.00	-	253,474	199,543
Instalment Interest	4.00	-	375,225	329,136
			885,040	767,843

Payment by Instalments

Council offered instalment payment options of either two or four payments. 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 resulted in the forfeiture of the instalment payment option. Ratepayers had the following options for paying their rates:

(a) Pay in full by 28 August 2015

(b) Pay in four instalments due:

1. 28 August 2015
2. 30 October 2015
3. 4 January 2016
4. 8 March 2016

Administration Fees

The Rates Instalment Fee is \$5 per instalment. This fee is being made in conjunction with the introduction of a 0.55% transaction fee for the cost recovery of credit card merchant fees. This initiative will provide lower costs to the majority of ratepayers.

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. A separate administration fee of \$20.00 was charged for these arrangements. Penalty interest was applied at the rate of 8% 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 4% 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 8% pa 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 2015/16 to be 8% 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.

27. Grant Revenue

	Actual 2015/16	Budget 2015/16	Actual 2014/15
	\$	\$	\$
Grants, subsidies and contributions are included as operating revenues in <i>By Nature or Type:</i>			
Operating Grants, Subsidies and Contributions	8,057,274	9,098,273	11,843,090
Non-Operating Grants, Subsidies and Contributions	17,284,797	12,964,025	6,715,595
	25,342,070	22,062,298	18,558,685
General Purpose Funding	1,897,775	3,727,644	5,614,608
Governance	11,914,433	11,130,000	3,977,472
Law Order & Public Safety	401,447	243,999	238,743
Health	-	-	(10,650)
Education & Welfare	5,489,697	4,875,070	5,630,098
Community Amenities	156,007	-	50,100
Recreation & Culture	391,955	633,117	256,548
Transport	5,059,256	1,387,468	2,794,704
Other Property & Services	31,500	65,000	7,062
	25,342,070	22,062,298	18,558,685

28. Number of Employees

	Actual 2015/16	Actual 2014/15
Number of full-time equivalent (FTE) employees as at balance date:	483	431

29. Superannuation

	Actual 2015/16	Actual 2014/15
	\$	\$
Contributory	615,464	605,711
S.G. Occupational	3,677,906	3,519,846
	4,293,370	4,125,556

30. 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

Carrying Value

	Actual 2015/16	Actual 2014/15
	\$	\$
Financial Assets		
Cash and cash equivalents	151,554,000	129,018,060
Held-to-maturity investments	4,692,838	4,506,731
Receivables	15,111,724	6,724,659
	<u>171,358,562</u>	<u>140,249,450</u>
Financial Liabilities		
Borrowings	25,743,174	2,166,493
Payables	29,367,456	14,266,681
	<u>55,110,630</u>	<u>16,433,174</u>

Est. Fair Value

	Actual 2015/16	Actual 2014/15
	\$	\$
Financial Assets		
Cash and cash equivalents	151,554,000	129,018,060
Held-to-maturity investments	4,692,838	4,904,954
Receivables	15,111,724	6,724,659
	<u>171,358,562</u>	<u>140,647,673</u>
Financial Liabilities		
Borrowings	19,261,071	1,995,099
Payables	29,367,456	14,266,681
	<u>48,628,527</u>	<u>16,261,780</u>

Fair value is determined as follows:

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

a. Risk Assessment - Cash & Cash Equivalents and Investments

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 (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

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

Cash and investments are also 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 manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	Actual 2015/16		Actual 2014/15
Impact of a 5% (*) movement in price of investments:	\$		\$
- Equity	230,007		221,855
- Income Statement	230,007	(+)	221,855
Impact of a 0.5% (*) movement in interest rates on cash and investments:			
- Equity	769,875		692,661
- Income Statement	769,875	(+)	692,661

(*) Sensitivity percentages based on management's expectation of future possible market movements. Recent market volatility has seen large market movements for certain types of investments.

(+) Maximum impact.

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 doubtful receivables 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

	Actual 2015/16	Actual 2014/15
Percentage of Rates and Annual Charges		
- Current	29%	34%
- Overdue	71%	66%
Percentage of Other Receivables		
- Current	93%	84%
- Overdue	7%	16%

c. Payables & Borrowings

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Total carrying value
	\$	\$	\$	\$	\$
2016					
Borrowings	2,593,138	10,414,725	12,735,311	29,788,028	25,743,174
Payables	23,605,924	5,761,532	-	29,367,456	29,367,456
	26,199,062	16,176,257	12,735,311	59,155,484	55,110,630
2015					
Borrowings	1,423,320	397,490	345,684	2,368,799	2,166,493
Payables	8,063,526	6,203,155	-	14,266,681	14,266,681
	9,486,846	6,600,645	345,684	16,635,480	16,433,174

d. Interest Rate Risk Profile

The City is exposed to interest rate risk through primary financial assets and liabilities. The following table summarises interest rate risk for the City, together with the effective interest rates as at 30th June 2016.

Fixed Interest Rate Maturity								
2015/16	Average Interest Rate %	Floating Interest Rate \$	Less than 1 Year \$	1 to 5 Years \$	More than 5 Years \$	Non-Interest More than 5 Years \$	Non-Interest Bearing \$	Total \$
Financial Assets								-
Cash	1.75	8,551,728						8,551,728
Direct Securities	2.85			1,108,599		3,584,239		4,692,838
FRN's & TD's	2.92		143,002,272					143,002,272
Receivables	2.64	738,851					14,372,873	15,111,724
Total		9,290,579	143,002,272	1,108,599	-	3,584,239	14,372,873	171,358,561
Financial Liabilities								
Borrowings	2.94		2,593,138	10,414,725	12,735,311			25,743,174
Accounts Payable							23,605,924	23,605,924
Deposits/Bonds	2.00			394,475			5,367,057	5,761,532
Total		-	2,593,138	10,809,200	12,735,311	-	28,972,981	55,110,630

The following table provides comparatives as at 30th June 2015:

Fixed Interest Rate Maturity								
2014/15	Average Interest Rate %	Floating Interest Rate \$	Less than 1 Year \$	1 to 5 Years \$	More than 5 Years \$	Non-Interest More than 5 Years \$	Non-Interest Bearing \$	Total \$
Financial Assets								-
Cash	2.00	4,386,832						4,386,832
Direct Securities	3.21			1,162,518		3,344,213		4,506,731
FRN's & TD's	3.32		124,631,229					124,631,229
Receivables	2.85	632,550					6,092,110	6,724,659
Total		5,019,381	124,631,229	1,162,518	-	3,344,213	6,092,110	140,249,451
Financial Liabilities								
Borrowings	2.71		1,423,320	397,490	345,684			2,166,494
Accounts Payable							8,063,526	8,063,526
Deposits/Bonds	2.00			393,103			5,810,052	6,203,155
Total		-	1,423,320	790,593	345,684	-	13,873,578	16,433,175

31. Other Expenses

	Actual 2015/16	Budget 2015/16	Actual 2014/15
The following fees, expenses and allowances were paid to councillors and the mayor:	\$	\$	\$
Meeting Fees	324,284	335,806	324,450
Vehicle Mileage Claims	5,243	20,000	12,715
Mayoral/Deputy Mayoral Allowances	109,437	113,268	109,437
Communication Expenses	42,494	45,000	46,291
	481,458	514,074	492,894

32. Economic Dependency

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

	Actual 2015/16	Budget 2015/16	Actual 2014/15
The total of grant revenue from Government sources	\$ 25,342,070	\$ 22,062,298	\$ 18,558,685

33. Fair Value

The City of Cockburn measures the following assets at fair value on a recurring basis after initial recognition: Financial Assets at fair value through profit or loss

- Land and Buildings
- Plant & Machinery
- Computers & Equipment
- Furniture and Equipment Roads
- Footpaths
- Drainage
- Landfill
- Parks Equipment
- Infrastructure

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:

Recurring Fair Value Measurements

Non-Financial Assets - 30 June 2016	Note	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Land	9(b)		98,010,600		98,010,600
Buildings	9(b)		306,458	125,177,694	125,484,152
Furniture and Equipment	9(b)			274,162	274,162
Computer Equipment	9(b)			810,037	810,037
Plant & Machinery	9(b)		11,523,089		11,523,089
Roads	10(b)			410,433,627	400,433,627
Footpaths	10(b)			40,824,214	40,824,214
Drainage	10(b)			196,855,604	196,855,604
Landfill Infrastructure	10(b)			22,823,280	22,823,280
Parks Equipment	10(b)			44,392,917	44,392,917

City of Cockburn Financial Statement

Non-Financial Assets - 30 June 2015	Note	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Land	9(b)		99,470,600		99,470,600
Buildings	9(b)		644,000	125,670,409	126,314,409
Furniture and Equipment	9(b)			412,086	412,086
Computer Equipment	9(b)			1,033,345	1,033,345
Plant & Machinery	9(b)		11,364,424		11,364,424
Roads	10(b)			400,453,002	400,453,002
Footpaths	10(b)			40,102,968	40,102,968
Drainage	10(b)			201,129,545	201,129,545
Landfill Infrastructure	10(b)			23,181,498	23,181,498
Parks Equipment	10(b)			37,231,560	37,231,560

33 (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 a transfer of Level 3 for recurring fair value measurements during the year.

33 (b). Highest and Best Use

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

33 (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.

City of Cockburn Financial Statement

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 2016 (\$)	Valuation Technique(s)	Inputs Used
Land	2	98,010,600	Market Approach	Price per square metre
Buildings	2	306,458	Market Approach	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.
Buildings	3	125,177,694	Cost Approach	
Furniture & Equipment	3	274,162	Cost Approach	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	2	810,037	Cost Approach	Make, size, year of manufacture and condition
Plant & Machinery	2	11,523,089	Market Approach	Make, size, year of manufacture and condition
Roads	3	410,433,627	Cost Approach	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	40,824,214	Cost Approach	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	196,855,604	Cost Approach	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	22,823,280	Cost Approach	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	44,392,917	Cost Approach	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
Total		951,431,682		

Recurring Fair Value Measurements

The City's land, building and landfill infrastructure assets were revalued as at 30 June 2014 by independent valuers AssetVal Pty Ltd. These were valued on the basis that the entity intended to retain these assets for a continuous use for the purposes of the enterprise and for the foreseeable future. The Valuer 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 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, 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 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.

Most plant and equipment assets are generally valued using the market and cost 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.

Infrastructure Assets (Roads, Footpaths, Drainage, Parks)

In accordance with AASB13 and legislative requirements, the City carried out internal management revaluations of its Roads, Footpaths, Drainage, Parks/Environment, Signs, and Lighting & Fences infrastructure assets as at 30 June 2016. 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.

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:

City of Cockburn Financial Statement

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

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 Cardno in 2009 and in late 2011 the then higher risk road surfaces (condition 4 & 5) were inspected internally.

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 should be 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.

Parks & Environment Hard infrastructure data is currently considered to have an accuracy level of 95% and Signs, lighting & fences infrastructure data is currently considered to have an accuracy level of 90% and is held in the operational asset register. A full data pick up of all park and environment assets was undertaken in August 2012 (parks) and March 2013 (environment) by Opus. All assets were condition rated and documented on an individual asset basis (e.g. a single park bench) and each has been given a unique asset number. This data is recorded in the operational asset register.

The rates used for the Parks data were obtained from several sources. For previous years valuations an Excel spread sheet showing all park assets and current replacement costs has been used. These rates plus a CPI increase were transferred to the new data. Where assets with an unknown cost occurred the Rawlinson's 2014 Australian Construction Handbook was referred to for current industry rates. When newly constructed assets were considered the actual construction rates were used.

33 (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:

Description	Note	Fair Value Hierarchy Level	Valuation Technique(s)	Inputs Used
Liabilities				
Borrowings	12(b)	2	Income approach using discounted cash flow	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.

34. Opening and Closing Funds

Opening and Closing Funds used in the Rate Setting Statement

	2016(30 June 2016 Carried Forward)	2016 (1 July 2015 Brought Forward)	2015 (30 June 2015 Carried Forward)
	\$	\$	\$
Surplus/(Deficit) - Rate Setting Statement	9,267,511	13,676,287	13,676,287
Comprises:			
Cash and Cash Equivalents	151,554,000	129,018,060	129,018,060
Investments Held to Maturity	13,656,877	5,470,423	5,470,423
Trade & Other Receivables	715,996	621,686	621,686
Other Assets	41,102	18,634	18,634
Inventories	165,967,975	135,128,804	135,128,804
Less:			
Trade & Other Payables	(23,605,924)	(8,063,526)	(8,063,526)
Provisions	(5,425,888)	(4,618,800)	(4,618,800)
Net Current Assets	136,936,162	122,446,477	122,446,477
Less:			
Restricted Financial Assets - Reserve Funds	(120,348,780)	(101,503,929)	(101,503,929)
Land Held for Re-sale	(5,761,532)	(6,203,155)	(6,203,155)
Restricted Financial Assets - Deposits & Bonds	(6,251,177)	(5,569,838)	(5,569,838)
Committed Financial Assets (unspent grants & contributions)	(132,361,489)	(113,276,921)	(113,276,921)
Add:			
Restricted Financial Assets held in Non Current Investments	4,692,838	4,506,731	4,506,731
Surplus/(Deficit)	9,267,511	13,676,287	13,676,287

Difference:

There was no difference between the Surplus/ (Deficit) 1 July 2015 Brought Forward position used in the 2016 audited report and the Surplus/ (Deficit) Carried Forward position as disclosed in the 2015 audited financial report.

35. Events after the Reporting Date

There are no matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the City's operations in future financial years
- the results of those operations in future financial years; or
- the City's state of affairs in future financial years.

36. Major Land Transactions

The City did not participate in any major land transactions during the 2015/16 financial year.

37. Trading Undertakings and Major Trading Undertakings

The City did not participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.