



Annual Financial Statements

for the Year Ended 30 June 2010

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Understanding the Financial Statements

Introduction

The Financial Statements show how the Council performed financially during the 2009/10 financial year and presents the financial position as at the 30th June 2010.

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 2010. It shows what Council owns as assets and what it owes as liabilities. The bottom line of this statement is the net assets and is equivalent to the net worth of the Council that has built up since inception.

The assets and liabilities are separated into those that are Current and Non Current. Current means those assets and liabilities, which are likely to be consumed or extinguished within the next 12 months. Non Current refers to assets and liabilities with an economic life extending beyond 12 months.

Statement of Changes in Equity

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

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

Statement of Comprehensive Income

The Statement of Comprehensive Income shows:

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

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

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

Cash Flow Statement

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

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

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

- Operating activities
- Investing activities – this term relates to assets such as infrastructure, plant, land and other long-term revenue producing assets.
- Financing activities – this is used to

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.

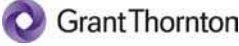
Statement by Chief Executive Officer

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 2010, are in my opinion, properly drawn up to present fairly the financial position of the City of Cockburn at 30 June 2010 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 on the 1st November 2010

S Cain
Chief Executive Officer

Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT TO THE RATEPAYERS OF THE CITY OF COCKBURN

Report on the Financial Report

We have audited the accompanying financial report of the City of Cockburn, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year ended 30 June 2010, a summary of significant accounting policies and other explanatory notes, and the Statement by the Chief Executive Officer.

Council's responsibility for the financial report

The Council of the City of Cockburn is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1995. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with 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 the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the City of Cockburn's financial position and of their performance.

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 followed applicable independence requirements of Australian professional ethical pronouncements.

Basis for Qualified Auditor's Opinion

Financial Assets

Since July 2007, global financial markets have experienced a period of high volatility led by events in the US housing markets, particularly sub prime loans, which has impacted the value, recoverability, liquidity, cash flows and rates of return of many financial assets including Collateralised Debt Obligations (CDO's) and certain other Managed Funds.

At 30 June 2010, the City of Cockburn held \$3,500,000 in Credit Link Note Securities (CDO's with Corporate Reference Entities) and \$3,427,905 in Mortgage Backed Securities ("MBS"). These securities are classified as being held to maturity.

These investments have been impacted by this market volatility. The impact on individual securities varies depending on their degree of exposure to the affected markets.

As referred to in Note 1(x) "Critical Accounting Estimates" many of these securities do not have market values that are independently quoted and they are not widely traded. For these securities which are held to maturity, there is insufficient external evidence to ascertain whether principal and interest amounts will be fully recovered. These circumstances have resulted in our inability to obtain sufficient appropriate audit evidence to satisfy ourselves as to the fair value and recoverability of \$3,500,000 in Credit Link Note Securities (CDO's with Corporate Reference Entities) and \$3,427,905 in Mortgage Backed Securities.

Qualified auditor's opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to recoverable amount of the investments and the allocation of any impairment in the value of investments to the statement of comprehensive income, the financial report:

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(i) gives a true and fair view of the City of Cockburn's financial position as at 30 June 2010 and of its performance for the financial year ended 30 June 2010;


(ii) complies with Australian Accounting Standards (including the Australian Accounting Interpretations); and

(iii) is prepared in accordance with the requirements of the Local Government Act 1995 (as amended) and Regulations under that Act.

Statutory Compliance

We did not, during the course of our audit, become aware of any instances where the Council did not comply with the requirements of the Local Government Act, 1995 Part 6 (as amended) and Local Government (Financial Management) Regulations 1996 as they relate to the financial statements.


GRANT THORNTON (WA) PARTNERSHIP
Chartered Accountants


M J Hillgrove
Partner

Perth, 1 November 2010

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Statement of Financial Position

As at 30 June 2010

		Actual 2009/10	Budget 2009/10	Actual 2008/09
	Notes	\$	\$	\$
CURRENT ASSETS				
Investments	4	5,655,072	-	1,831,060
Cash and Cash Equivalents	3	45,224,495	32,766,751	34,937,049
Trade & Other Receivables	5	7,129,163	4,771,000	5,547,060
Inventories	6	38,759	30,000	2,418,022
Total Current Assets		58,047,489	37,567,751	44,733,190
CURRENT LIABILITIES				
Trade & Other Payables	7	7,357,243	1,801,000	5,406,075
Provisions	8	4,322,945	3,000,000	3,814,749
Total Current Liabilities		11,680,188	4,801,000	9,220,824
NET CURRENT ASSETS		46,367,301	32,766,751	35,512,366
NON CURRENT ASSETS				
Investments	4	8,372,414	-	11,952,414
Other Receivables	5	524,045	460,000	453,262
Property, Plant, & Infrastructure	9	669,235,006	686,224,225	654,193,764
Total Non Current Assets		678,131,465	686,684,225	666,599,440
NON CURRENT LIABILITIES				
Interest Bearing Liabilities		-	4,000,000	-
Other Payables	7	2,875,608	2,432,480	2,432,465
Provisions	8	701,273	550,000	596,086
Total Non Current Liabilities		3,576,881	6,982,480	3,028,551
NET ASSETS		720,921,885	712,468,496	699,083,255
EQUITY				
Accumulated Surplus		340,620,701	332,738,557	324,902,454
Reserves - Cash/Investment Backed	11	37,343,185	24,115,772	31,222,801
Reserves - Asset Revaluation	11	342,958,000	355,614,167	342,958,000
TOTAL EQUITY		720,921,885	712,468,496	699,083,255

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 2010

		Actual	Budget	Actual
			2009/10	2008/09
	Notes	\$	\$	\$
RESERVES CASH/INVESTMENT BACKED				
Balance at beginning of year		31,222,801	30,975,664	28,495,585
Transfer from accumulated surplus		21,959,515	11,380,160	21,443,897
Transfer to accumulated surplus		(15,839,131)	(18,240,052)	(16,716,680)
Impairment of Investment Provision		-	-	(2,000,000)
Balance at end of reporting period	11	37,343,185	24,115,772	31,222,801
RESERVES - ASSET REVALUATION				
Balance at beginning of year		342,958,000	355,614,167	342,300,844
Revaluation Increments during year		-	-	657,156
Revaluation Decrements during year		-	-	-
Balance at end of reporting period	11	342,958,000	355,614,167	342,958,000
TOTAL RESERVES		380,301,184	379,729,939	374,180,801
ACCUMULATED SURPLUS				
Balance at beginning of year		324,902,454	317,657,356	319,777,594
Change in Net Assets		21,838,630	8,221,309	7,852,078
Transfer from reserves		15,839,131	18,240,052	16,716,680
Transfer from reserves - Impairment		-	-	2,000,000
Transfer to reserves		(21,959,515)	(11,380,160)	(21,443,897)
Balance at end of reporting period		340,620,701	332,738,557	324,902,454
TOTAL EQUITY		720,921,885	712,468,496	699,083,255

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



Statement of Comprehensive Income

For the year ended 30 June 2010

		Actual 2009/10	Budget 2009/10	Actual 2008/09
	Notes	\$	\$	\$
REVENUES				
Revenue From Ordinary Activities				
General Purpose Funding		48,133,696	46,424,750	45,237,668
Governance		165,220	94,096	107,579
Law Order & Public Safety		2,463,636	2,605,289	2,664,717
Health		256,478	177,250	238,599
Education & Welfare		5,140,713	4,947,003	4,476,067
Community Amenities		24,055,629	24,121,048	19,654,420
Recreation & Culture		2,847,308	2,639,721	2,849,638
Transport		194,600	134,242	142,808
Economic Services		1,897,645	1,710,600	1,897,534
Other Property & Services		762,320	369,400	931,396
TOTAL OPERATING REVENUES		85,917,244	83,223,399	78,200,425
EXPENSES				
General Purpose Funding		(1,018,525)	(1,106,436)	(1,096,225)
Governance		(6,124,219)	(6,873,705)	(6,847,033)
Law Order & Public Safety		(3,966,154)	(3,890,500)	(3,965,399)
Health		(1,673,169)	(1,611,395)	(1,400,023)
Education & Welfare		(8,406,252)	(7,660,753)	(7,314,808)
Community Amenities		(21,716,575)	(23,836,149)	(18,510,968)
Recreation & Culture		(17,683,181)	(17,278,027)	(16,474,789)
Transport		(18,317,327)	(19,269,999)	(21,613,010)
Economic Services		(1,713,238)	(1,515,037)	(1,707,741)
Other Property & Services		(2,046,675)	(1,782,387)	(1,431,754)
TOTAL OPERATING EXPENDITURE		(82,665,314)	(84,824,388)	(80,361,750)
Increase/(Decrease)		3,251,931	(1,600,989)	(2,161,325)
GRANTS/CONTRIBUTIONS TOWARDS ASSETS				
Governance		-	-	28,303
Law Order & Public Safety		-	-	110,141
Education & Welfare		-	104,000	-
Community Amenities		-	-	61,564
Recreation & Culture		6,750,198	4,564,000	1,795,232
Transport		2,857,107	3,805,476	2,690,366
Other Property & Services		1,106,639	1,248,500	639,462
		10,713,945	9,721,976	5,325,068
Gifted And Previously Unrecognised Assets		6,661,611	-	4,736,020
Impairment Charge on Investments		-	-	(2,000,000)
PROFIT/(LOSS) ON DISPOSAL OF ASSETS				
Proceeds from Sale		4,316,936	874,576	6,974,571
Book Value		(3,105,792)	(774,254)	(5,022,257)
		1,211,144	100,322	1,952,315
NET RESULT		21,838,630	8,221,309	7,852,077
OTHER COMPREHENSIVE INCOME				
Changes on revaluation of non-current assets	10	-	-	657,156
		-	-	657,156
TOTAL COMPREHENSIVE INCOME		21,838,630	8,221,309	8,509,233

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

Statement of Comprehensive Income by Nature or Type

	Notes	Actual 2009/10 \$	Budget 2009/10 \$	Actual 2008/09 \$
OPERATING REVENUE				
Rates		41,942,306	41,335,000	38,513,931
Fees and Charges		32,810,171	32,427,493	27,883,963
Grants and Subsidies		7,181,249	6,917,966	7,396,484
Contributions, Donations, Reimbursements		615,327	357,646	624,149
Interest Earnings		3,339,396	2,161,344	3,720,610
Other revenue and Income		28,794	23,950	61,290
TOTAL OPERATING REVENUE		85,917,244	83,223,399	78,200,425
OPERATING EXPENDITURE				
Employee Cost		(30,471,691)	(29,870,481)	(27,848,160)
Materials and Contracts		(24,824,749)	(27,451,876)	(29,225,466)
Utilities		(2,689,298)	(2,896,750)	(2,450,167)
Interest Expenses		-	-	-
Insurances		(1,511,080)	(1,348,220)	(1,312,800)
Other Expenses		(5,342,663)	(6,306,855)	(2,990,642)
Depreciation on Non Current Assets		(17,825,833)	(16,950,206)	(16,534,516)
TOTAL OPERATING EXPENDITURE		(82,665,314)	(84,824,388)	(80,361,750)
CHANGE IN NET ASSETS RESULTING FROM OPERATING ACTIVITIES		3,251,931	(1,600,989)	(2,161,325)
NON-OPERATING ACTIVITIES				
Capital Grants & Subsidies		8,350,253	8,077,476	3,854,028
Contributions - Asset Development		9,025,302	1,644,500	6,207,060
Impairment Charge - Non Current Investments		-	-	(2,000,000)
Profit/(Loss) on Sale of Assets		1,211,144	100,322	1,952,315
TOTAL NON-OPERATING ACTIVITIES		18,586,699	9,822,298	10,013,402
NET RESULT		21,838,630	8,221,309	7,852,077
OTHER COMPREHENSIVE INCOME				
Changes on revaluation of non-current assets	10	-	-	657,156
		-	-	657,156
TOTAL COMPREHENSIVE INCOME		21,838,630	8,221,309	8,509,233

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



Statement of Cashflows		Actual	Budget	Actual
For the year ended 30 June 2010		2009/10	2009/10	2008/09
	Notes	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee Cost		(29,858,308)	(29,870,481)	(27,489,084)
Materials and Contracts		(23,238,713)	(31,651,876)	(29,131,814)
Utilities		(2,689,298)	(2,896,750)	(2,450,167)
Insurances		(1,511,080)	(1,348,220)	(1,312,800)
Other Expenses		(5,342,663)	(6,306,855)	(2,990,642)
GST on Payments		(2,372,444)	-	(5,226,920)
		(65,012,505)	(72,074,182)	(68,601,426)
Receipts				
Rates		41,357,298	41,335,000	38,679,989
Fees and Charges		31,683,614	34,027,493	27,247,191
Contributions, Donations and Reimbursements		615,327	357,646	624,149
Interest Received		2,970,876	2,161,344	3,792,021
Grants - Operating		7,632,737	6,917,966	7,371,567
Other Revenue/Income		28,794	23,950	61,290
GST on Receipts		2,372,444	-	5,148,632
		86,661,090	84,823,399	82,924,838
NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES	14a	21,648,585	12,749,217	14,323,412
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sale on Non Current Assets	2d	4,316,936	874,576	6,974,571
Purchase Furniture and Equipment		(100,102)	(113,000)	(131,851)
Purchase Computer Equipment		(564,698)	(339,975)	(587,793)
Purchase & Construction of Infrastructure Assets		(9,562,303)	(14,881,662)	(11,576,891)
Purchase Plant and Machinery		(3,458,656)	(5,022,100)	(2,665,129)
Purchase & Development of Land		(402,431)	(2,157,000)	(770,204)
Purchase & Construction of Buildings		(12,833,576)	(17,289,835)	(5,573,585)
Grants & Contributions for the Development of Assets		10,676,039	9,721,976	5,325,068
Net Movement in Investments		124,509	-	3,546,256
NET CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES		(11,804,281)	(29,207,020)	(5,459,559)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase/(Decrease in Bonds Held)		443,143	-	(1,215,183)
Proceeds from New Borrowings		-	4,000,000	-
NET CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES		443,143	4,000,000	(1,215,183)

		Actual 2009/10	Budget 2009/10	Actual 2008/09
	Notes	\$	\$	\$
Net Increase/(Decrease) In Cash during year		10,287,447	(12,457,803)	7,648,670
Cash At Beginning Of Reporting Period		34,937,048	42,624,554	27,288,378
CASH & CASH EQUIVALENTS AT END OF REPORTING PERIOD	3,14b	45,224,495	30,166,751	34,937,049

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



Rate Setting Statement

For the year ended 30 June 2010

		Actual 2009/10	Budget 2009/10
	Notes	\$	\$
OPERATING REVENUE			
General Purpose Funding (Excluding Rates)		6,191,390	5,089,750
Governance		165,220	94,096
Law, Order and Public Safety		2,465,457	2,605,289
Health		256,478	177,250
Education and Welfare		5,151,168	4,958,003
Community Amenities		24,055,629	24,121,048
Recreation and Culture		2,757,654	2,639,721
Transport		7,151,237	298,859
Economic Services		1,897,645	1,710,600
Other Property and Services		1,755,817	294,105
TOTAL OPERATING REVENUE		51,847,693	41,988,721
OPERATING EXPENDITURE			
General Purpose Funding		(1,018,525)	(1,106,436)
Governance		(6,124,219)	(6,873,705)
Law, Order and Public Safety		(3,966,154)	(3,890,500)
Health		(1,673,169)	(1,611,395)
Education and Welfare		(8,406,252)	(7,660,753)
Community Amenities		(21,716,575)	(23,836,149)
Recreation and Culture		(17,683,181)	(17,278,027)
Transport		(18,317,327)	(19,269,999)
Economic Services		(1,713,238)	(1,515,037)
Other Property and Services		(2,046,675)	(1,782,387)
TOTAL OPERATING EXPENDITURE		(82,665,314)	(84,824,388)
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS BEFORE RATES		(30,817,620)	(42,835,667)
Less Non-Cash Expenses and Income			
(Profit)/Loss on Assets Disposals	2d	(1,211,144)	(100,322)
Depreciation on Assets		17,825,833	16,950,206
Non-Current Accrued Debtors		(37,906)	-
Movement in Non-Current Employee Benefit Provisions		105,187	-
		(14,135,651)	(25,985,783)
Less Capital Expenses			
Purchase of Land and Buildings		(13,236,006)	(19,446,835)
Purchase of Infrastructure Assets		(16,223,913)	(14,881,662)
Purchase of Plant and Machinery		(3,458,656)	(5,022,100)
Purchase of Furniture and Equipment		(100,102)	(113,000)
Purchase of Computer Equipment		(564,698)	(339,975)
Transfer to Reserves	11	(21,959,515)	(11,380,160)
		(69,678,541)	(77,169,515)

		Actual 2009/10	Budget 2009/10
	Notes	\$	\$
Add Funding from			
Contributions/Grants for the development of Assets		10,713,945	9,721,976
Proceeds on Sale of Assets	2d	4,316,936	874,576
Reserves	11	15,839,131	18,240,052
Deferred Pensioner Rates Movement		(32,877)	-
Proceeds from New Loans		-	4,000,000
		(38,841,406)	(44,332,911)
Adjustments			
Net movement in unspent grants & contributions		(1,105,164)	849,021
		(39,946,570)	(43,483,890)
Add: Opening Funds	29a	3,247,413	2,148,890
Less: Closing Funds	29b	(5,243,148)	-
AMOUNT RAISED FROM RATES		(41,942,306)	(41,335,000)

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



1. Significant Accounting Policies

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), other mandatory professional reporting requirements and the Local Government Act 1995 (as amended) and accompanying regulations (as amended).

The report has also been prepared on the accrual basis under the convention of historical cost accounting as modified by the accounting treatment relating to the revaluation of financial assets and liabilities at fair value through profit and loss and certain classes of non-current assets.

(b) The Local Government Reporting Entity

All Funds through which the Council 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.

(c) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Balance Sheet are stated inclusive of applicable GST.

(d) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, 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 balance sheet.

(e) Trade and Other Receivables

Trade receivables, which generally have 30 -90 day terms, are recognised at fair value and interest is not charged on overdue amounts.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. Due to the materially insignificant value of bad debts, no provision for doubtful debts is made.

The credit terms relating to rate debtors are in accordance with the legislative requirements of the Local Government Act 1995 and are detailed separately at note 20.

(f) 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.

Inventories held from trading are classified as current even if not expected to be realised in the next 12 months.

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. 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.

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

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

(g) Fixed Assets

Initial Recognition

All non-current assets are recognised in accordance with the relevant Accounting standards.

Assets purchased or constructed that have a value above the council's prescribed threshold level are recorded as non-current assets. Assets with a value below the threshold level are treated as expenditure in the year of purchase.

The following categories are used to classify non-current assets owned or controlled by the City. The following capitalisation threshold levels have been applied to the recognition of non-current assets. Where a quantity of assets is purchased and they are under the threshold limit, aggregation of these assets may apply and be capitalised accordingly.

Asset Class	\$
Land & Buildings	-
Furniture & Equipment / Computer Equipment	3,000
Plant & Machinery	3,000
Infrastructure Assets	5,000
Software	20,000

Revaluation

Subsequent to initial recognition of assets, and with the exception of the asset categories noted below, non-current assets are measured at fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction. For those assets carried at revalued amount, revaluations are made with sufficient regularity to ensure that the carrying amount of each class of non-current asset does not differ materially from its fair value at the reporting date. Annual assessments of fair value are made by Council, supplemented by independent assessments where required.

For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits. Non-current assets carried at cost (including deemed cost) are:

- Plant and Machinery
- Furniture and Equipment
- Computer Equipment

Land under Roads

Effective from 1 July 2008, the City elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available under 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.

(h) Depreciation of Non-Current Assets

Non current assets (excluding infrastructure) are depreciated over their useful lives on a straight-line basis.

Infrastructure assets are depreciated on a basis that reflects their consumed economic benefit, which is reviewed each reporting period. Assets are depreciated from the date of acquisition, or in respect of internally constructed assets, from the time an asset is completed

Depreciation is recognised, as follows:

Property, Plant and Equipment	
Buildings	30-50 years
Furniture and Equipment	3-10 years
Computer Equipment	4-5 years
Plant & Machinery	3-10 years
Infrastructure Assets	
Infrastructure – Footpaths	50 years
Infrastructure – Drainage	30-75 years
Infrastructure – Roads	20-50 years
Infrastructure – Bridges	30-50 years
Infrastructure – Parks	10-30 years
Bus Shelters	20 years

(i) Investments and Other Financial Assets

Classification

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

i) 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.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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. Loans and receivables are included in trade and other receivables in the balance sheet.

iii) 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.

iv) 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 of the balance sheet date. 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.

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 in the income statement 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 at each balance date 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 in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(j) Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(k) Impairment

In accordance with Australian Accounting Standards the Council'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 estimate of the recoverable amount of the asset is made in accordance with AASB 136 'Impairment of Assets' and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

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.

(l) 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.

(m) 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:

i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the municipality has a present obligation to pay resulting from employees

services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

ii) Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(n) Interest-bearing Loans and 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 balance sheet 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.

(o) 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.

(p) 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 company, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under 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.

(q) Joint Venture

The municipality's interests in joint ventures have been disclosed in Note 15.

(r) Rates, Grants, Donations & 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 2(b). 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.

(s) 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 9% for the Superannuation Guarantee Charge, plus additional matching contributions of up to 4% where agreed.

(t) Rounding Off Figures

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

(u) Comparative Figures

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

(v) Current and Non-Current Classification

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

(w) Budget Information

Budget figures shown in the financial statements have been disclosed for information purposes only. Where necessary, budget information has been recast to comply with current presentation requirements. The budget figures have been drawn from Council's adopted budget for the reporting year.

(x) Critical Accounting Estimates

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of 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 City of Cockburn utilises independent investment advisors Oakvale Capital Limited in assessing on a monthly basis the market value of interest bearing securities.

The advisors model valuations, which are based on future cashflows, 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.

As at 30 June 2010 and as part of its investment portfolio of interest bearing securities, the City held investments in Credit Link Note Securities (CDO's with Corporate Reference Entities and Mortgage Backed Securities ("MBS") totalling \$6,927,905. These are classified as 'held to maturity' investments and are carried at amortised cost. No impairment provision has been recognised in respect to these investments as at balance date. These securities carry ratings between AAA and CCC as assigned by Standard and Poors rating agency.

Whilst current estimates of market value for these investments show a small diminution in capital value, the City believes this to be a temporary condition and is satisfied as to the full recoverability of these investments. This assessment is framed on the latest evidence available to the City and includes the fact that \$1,000,000 of CDO's and \$450,930 of MBS were repaid in full in July 2010 and October 2010 respectively.

(y) New Accounting Standards & Interpretations

The following Australian Accounting Standards have been issued or amended and are applicable to the City but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

Council's assessment of these new standards and interpretations is set out on the next page.



	Title and Topic	Issued	Applicable (*)	Impact
(i)	Financial 9AASB Instruments	December 2009	01 January 2013	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 Council, it is not anticipated the standard will have any material effect.
(ii)	AASB 124– Related Party Disclosures	December 2009	01 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the Standard.
(iii)	AASB 2009-5 - Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	May 2009	01 January 2010	Nil – The revisions are part of the AASB’s annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.
(iv)	AASB 2009-8 - Amendments to Australian Accounting Standards – Group Cash – Settled Share-based Payment Transactions [AASB 2]	July 2009	01 January 2010	Nil - The Council will not have applicable transactions.
(v)	AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2010	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council
(vi)	AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	01 January 2010	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (ii) above).
(vii)	AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]	December 2009	01 January 2010	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

	Title and Topic	Issued	Applicable (*)	Impact
	AASB 2010- 1 Amendment to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosure for First-time Adopters [AASB 1 & AASB 7]	February 2010	01 July 2010	
	AASB 2009- 10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB132]	October 2009	01 February 2010	
	Interpretation 19– Extinguishing Financial Liabilities with Equity Instruments	December 2009	01 July 2010	
	AASB 2009– 14 Amendments to Australian Interpretations – Prepayments of a minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	

2. Revenues and Expenses

a. Statement of Objective

MISSION STATEMENT

Our mission is to make the district of the City of Cockburn the most attractive place to live, work and visit in 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).

2b. Control Over Contributions

	Actual 2009/10	Actual 2008/09
	\$	\$
Grants & contributions which were recognised as revenues during the reporting period and which were obtained on the condition that they be expended for specified purposes but have yet to be applied in that manner at the reporting date were:		
Road Construction & Development funds	648,835	428,109
Footpath Development Funds	16,093	48,161
Public Open Space Development Funds	616,195	713,862
Funded Projects & Social Services	6,033,380	2,299,048
Security Service Charges	-	456,405
	7,314,503	3,945,585
Grants & contributions which were recognised as revenues in the previous reporting periods and which were obtained on the condition that they be expended for specified purposes but have not yet been applied in that manner at the reporting date were:		
Road Construction & Development funds	1,264,557	954,044
Footpath Development Funds	649,291	601,130
Public Open Space Development Funds	(616,195)	2,125,352
Drainage Development Funds	502,910	383,492
Midge Research	20,200	20,500
Bibra Lake Development funds	142,509	142,509
	1,963,272	4,227,025
Total Unapplied Contributions	9,277,775	8,172,610
Grants & contributions which were recognised as revenues in a previous reporting period and were expended during the current reporting period on the purposes specified by the contributor/grantor were:		
Road Construction & Development funds	428,109	563,550
Footpath Development Funds	-	149,929
Public Open Space Development Funds	2,819,788	1,067,646
Midge Research	1,500	-
Funded Projects & Social Services	2,318,473	521,824
Security Service Charges	456,405	435,295
	6,024,275	2,738,245

2c. Assets Classified by Function

Property Plant, Infrastructure and Depreciation Classified by Function and Activity

	CARRYING AMOUNTS		DEPRECIATION RAISED		
	Actual 2009/10	Actual 2008/09	Actual 2009/10	Budget 2009/10	Actual 2008/09
	\$	\$	\$	\$	\$
Governance	12,426,605	12,617,953	272,456	142,853	321,232
Law, Order and Public Safety	1,028,143	934,201	131,872	112,807	134,908
Health	1,972,876	1,780,211	4,374	4,474	4,517
Education and Welfare	2,147,466	3,913,821	44,001	30,234	26,965
Community Amenities	3,747,015	8,588,716	55,440	50,462	45,973
Recreation and Culture	93,153,849	66,793,250	2,290,129	1,659,697	1,615,554
Transport	416,709,720	412,697,538	11,544,082	11,576,632	11,136,110
Economic Services	211,517	152,035	1,921	1,920	1,921
Other Property and Services	137,837,815	143,963,673	3,481,558	3,371,127	3,247,336
Total	669,235,006	651,441,398	17,825,833	16,950,206	16,534,516

Assets Classified by Function and Activity

	Actual 2009/10	Actual 2008/09
	\$	\$
General Purpose Funding	11,062,026	7,410,394
Governance	18,995,881	19,163,616
Law, Order and Public Safety	1,225,319	1,426,273
Health	1,972,876	2,030,793
Education and Welfare	9,638,447	5,828,731
Community Amenities	24,956,014	21,526,107
Recreation and Culture	100,452,092	86,989,444
Transport	420,973,123	419,921,636
Economic Services	520,102	395,594
Other Property and Services	146,383,075	146,640,043
Total	736,178,954	711,332,631



BY FUNCTION	NET BOOK VALUE				SALE PRICE			PROFIT/(LOSS)	
	Actual	Budget	Actual	Actual	Budget	Actual	Actual	Budget	Actual
	2009/10	2009/10	2008/09	2009/10	2009/10	2008/09	2009/10	2009/10	2008/09
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance	-	-	831	-	-	-	-	-	(831)
Law, Order and Public Safety	-	-	-	1,820	-	21,000	1,820	-	21,000
Health	-	-	-	-	-	-	-	-	-
Education and Welfare	-	-	-	10,455	11,000	13,182	10,455	11,000	13,182
Community Amenities	-	-	-	-	-	-	-	-	-
Recreation and Culture	89,654	-	128,731	-	-	-	(89,654)	-	(128,731)
Transport	-	293,359	52,990	295,026	457,976	195,825	295,026	164,617	142,836
Economic Services	-	-	-	-	-	-	-	-	-
Other Property and Services	3,016,138	480,895	4,839,706	4,009,635	405,600	6,744,564	993,497	(75,295)	1,904,859
Total	3,105,792	774,254	5,022,257	4,316,936	874,576	6,974,571	1,211,144	100,322	1,952,315
BY ASSET CLASSIFICATION									
Land	2,508,909		4,654,359	3,590,509	-	6,572,940	1,081,600	-	1,918,581
Buildings	89,654		128,731	-	-	-	(89,654)	-	(128,731)
Infrastructure - Parks Equipment			-						
Furniture and Equipment	39,815		11,104	776	-	-	(39,039)	-	(11,104)
Computers	380		831	-	-	-	(380)	-	(831)
Plant and Equipment	467,033	774,254	227,232	725,651	874,576	401,631	258,618	100,322	174,399
Total	3,105,792	774,254	5,022,257	4,316,936	874,576	6,974,571	1,211,144	100,322	1,952,315

2d. Disposal of Assets

2e. Change in Net Assets

The change in net assets resulting from Operations was arrived at after charging/crediting the following items:

	Actual 2009/10	Budget 2009/10	Actual 2008/09
AFTER CHARGING			
Depreciation			
Buildings	2,625,573	2,564,562	2,529,868
Plant and Machinery	1,806,022	1,744,643	1,670,506
Furniture and Equipment	539,522	390,239	569,064
Infrastructure - Roads	8,231,398	8,196,145	7,857,603
Infrastructure - Drainage	2,473,139	2,533,768	2,459,468
Infrastructure - Footpaths	829,788	838,020	811,537
Infrastructure - Parks Equipment	1,320,390	682,829	636,470
	17,825,833	16,950,206	16,534,516
Interest on Borrowings			
Profit/(Loss) on Sale of Assets			
Proceeds from Disposal of Non Current Assets	4,316,936	874,576	6,974,571
Carrying Amount of Non Current Assets	(3,105,792)	(774,254)	(5,022,257)
	1,211,144	100,322	1,952,315
AFTER CREDITING			
Interest Earnings			
Interest received on Reserve Funds	1,283,810	811,344	1,482,988
Interest received on Other Funds	2,055,586	1,350,000	2,237,621
	3,339,396	2,161,344	3,720,610

3. Cash & Cash Equivalents

	Actual 2009/10	Budget 2009/10	Actual 2008/09
	\$	\$	\$
Cash	1,842,656	31,955,407	2,106,284
Cash on Hand (Petty Cash)	13,839	-	10,765
Cash Investments	43,368,000	811,344	32,820,000
	45,224,495	32,766,751	34,937,048
Restricted	35,469,081	35,199,231	28,044,402
Unrestricted	9,755,414	(2,432,480)	6,892,646
	45,224,495	32,766,751	34,937,048
SUMMARY OF RESTRICTED CASH			
Sundry Deposits and Bonds (Non Current Payables)	2,875,608	2,432,480	2,432,465
Infrastructure Contributions	9,277,775	8,650,979	8,172,610
Sub-total	12,153,382	11,083,459	10,605,075
Less:			
Funds held in current & non-current investments	(2,366,969)	-	(2,260,976)
	9,786,413	11,083,459	8,344,099
Cash/Investment Backed Reserves			
Council Funded	32,503,307	21,957,953	25,961,020
Externally Funded	806,212	776,081	927,282
Development Contribution Plans	4,033,666	1,381,738	4,334,499
Sub-total	37,343,185	24,115,772	31,222,801
Less:			
Funds held in current & non-current investments	(11,660,517)	-	(11,522,498)
	25,682,668	24,115,772	19,700,303
TOTAL RESTRICTED CASH	35,469,081	35,199,231	28,044,402

4. Investments

	Actual 2009/10	Budget 2009/10	Actual 2008/09
	\$	\$	\$
CURRENT			
Held to Maturity Investments maturing within 12 mths of reporting period	5,655,072	-	1,831,060
NON CURRENT			
Held to Maturity Investments maturing later than 12 mths from reporting period	8,372,414	-	12,872,414
Less: Provision for Impairment Charge [1]	-	-	(920,000)
	8,372,414	-	11,952,414

All funds held within Current & Non-Current Investments are restricted in nature (see note 3).

[1] Impairment charges are included as a separate line item in the Statement of Comprehensive Income. Further information on Investments can be found in note 25.

5. Trade & Other Receivables	Actual 2009/10	Budget 2009/10	Actual 2008/09
CURRENT	\$	\$	\$
Rates Outstanding	490,140	-	426,024
Rubbish Charges Outstanding	106,498	100,000	83,702
Sundry Debtors	5,498,526	3,571,000	4,694,817
GST Receivable	734,520	600,000	82,683
Prepayments	299,480	500,000	259,833
	7,129,163	4,771,000	5,547,060
NON CURRENT			
Rates Outstanding - Pensioners	486,139	460,000	453,262
Non Current Accrued Debtors	37,906	-	-
	524,045	460,000	453,262
6. Inventories	Actual 2009/10	Budget 2009/10	Actual 2008/09
	\$	\$	\$
Depot Store	38,759	30,000	28,531
Land Held for Re-sale	-	-	2,389,491
	38,759	30,000	2,418,022
7. Payables	Actual 2009/10	Budget 2009/10	Actual 2008/09
(a) Trade & Other Payables			
CURRENT	\$	\$	\$
Creditors	6,474,484	1,651,000	4,838,573
Income Received in Advance	523,079	50,000	559,606
GST Payable	359,681	100,000	7,896
	7,357,243	1,801,000	5,406,075
NON CURRENT			
Sundry Deposits and Bonds	2,875,608	2,432,480	2,432,465
(b) Interest Bearing Liabilities	Actual 2009/10	Budget 2009/10	Actual 2008/09
NON CURRENT	\$	\$	\$
Secured by Floating Charge - Debenture	-	4,000,000	-
8. Provisions	Actual 2009/10	Budget 2009/10	Actual 2008/09
CURRENT	\$	\$	\$
Provision for Annual Leave	2,684,175	2,000,000	2,357,450
Provision for Long Service Leave	1,638,770	1,000,000	1,457,299
	4,322,945	3,000,000	3,814,749
NON CURRENT			
Provision for Long Service Leave	701,273	550,000	596,086
Provision for Annual Leave	-	-	-
	701,273	550,000	596,086

9. Property, Infrastructure, Plant and Equipment

	Actual 2009/10	Budget 2009/10	Actual 2008/09
	\$	\$	\$
INFRASTRUCTURE - ROADS			
At cost	341,801,208	344,381,635	332,727,204
LESS Accumulated Depreciation	(113,147,606)	(113,196,145)	(104,916,207)
	228,653,602	231,185,490	227,810,997
INFRASTRUCTURE - DRAINAGE			
At cost	185,521,322	191,528,594	185,402,552
LESS Accumulated Depreciation	(54,590,467)	(54,633,768)	(52,117,328)
	130,930,854	136,894,826	133,285,224
INFRASTRUCTURE - FOOTPATHS			
At cost	42,147,181	43,058,844	41,205,758
LESS Accumulated Depreciation	(10,880,375)	(11,538,020)	(10,050,588)
	31,266,806	31,520,824	31,155,170
INFRASTRUCTURE - PARKS EQUIPMENT			
At cost	24,352,925	17,787,529	22,991,446
LESS Accumulated Depreciation	(10,359,051)	(4,782,829)	(9,038,661)
	13,993,874	13,004,700	13,952,785
INFRASTRUCTURE - PARKS LANDSCAPING			
At cost	11,465,202	13,337,833	11,179,930
	11,465,202	13,337,833	11,179,930
REFUSE SITE			
At cost	12,881,981	13,732,340	12,827,936
	12,881,981	13,732,340	12,827,936
LAND			
At valuation	150,346,942	156,157,000	150,346,942
	150,346,942	156,157,000	150,346,942
BUILDINGS			
At cost	119,627,778	126,789,835	104,023,045
LESS Accumulated Depreciation	(48,404,804)	(47,934,562)	(45,885,150)
	71,222,974	78,855,273	58,137,895
FURNITURE AND EQUIPMENT			
At cost	2,712,911	3,033,000	2,902,621
LESS Accumulated Depreciation	(1,549,985)	(1,771,612)	(1,592,874)
	1,162,927	1,261,388	1,309,747
COMPUTERS			
At cost	3,595,883	3,419,975	3,107,376
LESS Accumulated Depreciation	(2,600,857)	(2,528,627)	(2,326,732)
	995,027	891,348	780,644

9. Property, Infrastructure, Plant and Equipment (continued)	Actual 2009/10	Budget 2009/10	Actual 2008/09
	\$	\$	\$
PLANT AND MACHINERY			
At cost	13,415,658	13,662,245	11,672,623
LESS Accumulated Depreciation	(5,306,225)	(4,279,042)	(4,754,373)
	8,109,433	9,383,203	6,918,250
WORK IN PROGRESS			
At cost	8,205,385	-	6,488,244
	8,205,385	-	6,488,244
TOTAL PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT			
Gross Book Value	916,074,375	926,888,830	884,875,676
LESS Accumulated Depreciation	(246,839,370)	(240,664,605)	(230,681,912)
NET BOOK VALUE	669,235,006	686,224,225	654,193,764



10a. Movements in Carrying Amounts

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

2009/10		<i>add:</i>	<i>add:</i>	<i>add / (less)</i>	<i>Less:</i>	<i>Less:</i>	<i>Less:</i>	<i>Less:</i>	
	Carrying amount at beginning of the year	Acquisitions	Gifted Development Assets (note 10b.)	Revaluation increments/ (decrements)	Disposals & Write Offs	Gifted Development Assets Depreciation	Revaluation Depreciation	Depreciation	Carrying amount at the end of the year
Plant & Machinery	6,918,250	3,464,239			(467,033)			(1,806,022)	8,109,433
Furniture & Equipment	1,309,747	83,781			(39,815)			(190,786)	1,162,927
Computer Equipment	780,644	563,498			(380)			(348,736)	995,027
Buildings	58,137,895	15,800,306			(89,654)			(2,625,573)	71,222,974
Freehold Land	150,346,942	119,418			(119,418)				150,346,942
Tip Site Infrastructure	12,827,936	54,044							12,881,981
Footpaths Infrastructure	31,155,170	941,423						(829,788)	31,266,806
Drainage Infrastructure	133,285,224	118,769						(2,473,139)	130,930,854
Roads Infrastructure	227,810,997	2,518,393	6,555,611					(8,231,398)	228,653,602
Parks & Gardens Infrastructure	11,179,930	285,273							11,465,202
Parks Equipment	13,952,785	1,255,479	106,000					(1,320,390)	13,993,874
Sub-Total Fixed Assets Register	647,705,520	25,204,624	6,661,611	0	(716,301)	0	0	(17,825,833)	661,029,621
Works in Progress	6,488,244	1,717,141							8,205,385
Total	654,193,764	26,921,765	6,661,611	0	(716,301)	0	0	(17,825,833)	669,235,006

10b. Recognition of Gifted Development Assets

The City was gifted infrastructure assets as a result of new subdivisions constructed by developers.

The impact of recognising these assets in the accounts is an increase in the carrying amount of the city's infrastructure assets and the recognition of commensurate revenue within the income statement (reflecting that these assets were contributions received for no consideration). As these entries are of a non-cash nature, they do not impact adversely on the city's current financial position. However, they will result in increased depreciation expense charges for future accounting periods, reflecting the fact that these assets will, in time, need to be maintained and replaced.

The values for gifted/contributed assets were calculated based on current replacement cost adjusted for any depreciation to date as follows:

New Roads Infrastructure Recognised -	\$6,555,611
New Park Equipment Recognised -	\$106,000
Revenue Recognised -	\$6,661,611

10c. Revaluation of Infrastructure Assets

No asset revaluations were carried out during the 2009/10 financial year.

The City's parks equipment was subject to a management revaluation in 2008/09 and the current carrying values are deemed to reflect fair value.

Roads, Drainage & Footpaths infrastructure (last revalued in 2007) are currently undergoing data reviews as part of the City's wider asset management framework implementation project. It is envisaged that this will be completed during the 2010/11 financial year thus allowing for a revaluation exercise at the end of that year.

Infrastructure assets are stated at independent valuations conducted at 30 June 2008. These are planned to be revalued in 2010/11.

Asset Revaluation Reserve Reconciliation

	Land	Building	Roads	Drainage	Parks Equipment	Footpaths	Total
Opening Balance							
1 July 2009	148,145,550	17,468,617	74,288,481	83,866,406	657,156	18,531,791	342,958,000
Revaluation Increment/ (Decrement)							0
Closing Balance							
30 Jun 2010	148,145,550	17,468,617	74,288,481	83,866,406	657,156	18,531,791	342,958,000



11. Reserves

	Actual 2009/10	Budget 2009/10	Actual 2008/09
	\$	\$	\$

CASH BACKED RESERVES

Staff Payments & Entitlements

Opening Balance	2,843,448	2,834,290	2,730,476
Transfer from Accumulated Surplus - Interest	121,041	85,000	154,900
Transfer from Accumulated Surplus	100,000	100,000	410,632
Transfer to Accumulated Surplus	(143,529)	(130,000)	(116,742)
Transfer to Accumulated Surplus-Impairment	-	-	(335,818)
	2,920,960	2,889,290	2,843,448

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 it's previous purpose of providing only for Leave Liability.

Plant & Vehicle Replacement

Opening Balance	2,817,226	2,805,013	2,737,385
Transfer from Accumulated Surplus - Interest	95,110	65,000	128,230
Transfer from Accumulated Surplus	1,565,000	1,565,000	1,607,886
Transfer to Accumulated Surplus	(2,049,386)	(3,546,024)	(1,431,533)
Transfer to Accumulated Surplus-Impairment	-	-	(224,741)
	2,427,950	888,989	2,817,226

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.

Information Technology

Opening Balance	782,973	17,561	1,109,801
Transfer from Accumulated Surplus - Interest	30,073	30,000	58,033
Transfer from Accumulated Surplus	50,000	50,000	154,628
Transfer to Accumulated Surplus	(183,916)	(90,975)	(426,377)
Transfer to Accumulated Surplus-Impairment	-	-	(113,112)
	679,130	6,586	782,973

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.

Major Building Refurbishment

Opening Balance	221,488	-	607,684
Transfer from Accumulated Surplus - Interest	3,228	10,000	24,474
Transfer from Accumulated Surplus	436,670	436,670	118,425
Transfer to Accumulated Surplus	(235,164)	(190,000)	(509,176)
Transfer to Accumulated Surplus-Impairment	-	-	(19,919)
	426,222	256,670	221,488

This Reserve Fund was set up to provide funds for future major refurbishment requirements for Council buildings as they become necessary. The identified target balance for this Reserve is 10% of the insured value of buildings (\$7.5M). Annual transfers will be made to this Reserve (as able to be accommodated within any end of year surplus) in order to reach this target.

11. Reserves (continued)

	Actual 2009/10	Budget 2009/10	Actual 2008/09
	\$	\$	\$
Waste & Recycling			
Opening Balance	3,018,657	3,130,319	3,406,054
Transfer from Accumulated Surplus - Interest	125,205	120,000	169,593
Transfer from Accumulated Surplus	4,992,602	2,800,000	1,956,121
Transfer to Accumulated Surplus	(168,297)	(932,340)	(2,268,656)
Transfer to Accumulated Surplus-Impairment	-	-	(244,455)
	7,968,168	5,117,979	3,018,657

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. Council has attained formal approval extending the operating licence for the landfill site until mid 2011.

Transfers to this Reserve are made based on planned future capital funding requirements.

Land Development

Opening Balance	5,829,607	7,489,570	528,764
Transfer from Accumulated Surplus - Interest	286,907	180,000	49,754
Transfer from Accumulated Surplus	3,471,091	-	6,847,260
Transfer to Accumulated Surplus	(3,470,295)	(2,692,000)	(1,299,611)
Transfer to Accumulated Surplus-Impairment	-	-	(296,561)
	6,117,310	4,977,570	5,829,607

This Reserve Fund was set up for the disposal and purchase of land for Council use as required.

Roads & Drainage Infrastructure

Opening Balance	1,290,690	946,689	2,118,800
Transfer from Accumulated Surplus - Interest	53,860	20,800	92,949
Transfer from Accumulated Surplus	512,280	512,280	1,021,272
Transfer to Accumulated Surplus	(140,651)	(369,496)	(1,811,226)
Transfer to Accumulated Surplus-Impairment	-	-	(131,105)
	1,716,179	1,110,273	1,290,690

The purpose of this Reserve Fund is to provide for the renewal and refurbishment of roads and drainage infrastructure and for the provision of matching funds for Federal & State Government road grants.

Naval Base Chalets

Opening Balance	248,636	243,741	274,905
Transfer from Accumulated Surplus - Interest	10,592	7,800	15,029
Transfer from Accumulated Surplus	60,000	60,000	86,673
Transfer to Accumulated Surplus	(10,643)	(15,000)	(99,135)
Transfer to Accumulated Surplus-Impairment	-	-	(28,836)
	308,585	296,541	248,636

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.

11. Reserves (continued)

	Actual 2009/10	Budget 2009/10	Actual 2008/09
	\$	\$	\$
Mobile Rubbish Bins			
Opening Balance	839,193	846,404	1,008,701
Transfer from Accumulated Surplus - Interest	33,460	32,000	54,790
Transfer from Accumulated Surplus	-	-	102,335
Transfer to Accumulated Surplus	(239,492)	(274,000)	(216,000)
Transfer to Accumulated Surplus-Impairment	-	-	(110,632)
	633,162	604,404	839,193

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. Based on current pricing for the bins, no additional transfers to this Reserve are required. Future interest earnings will maintain an adequate balance in this Reserve.

Community Infrastructure

Opening Balance	6,241,420	7,347,349	4,305,191
Transfer from Accumulated Surplus - Interest	171,323	108,000	205,252
Transfer from Accumulated Surplus	4,000,000	4,000,000	6,000,220
Transfer to Accumulated Surplus	(6,268,235)	(7,752,367)	(3,944,683)
Transfer to Accumulated Surplus-Impairment	-	-	(324,560)
	4,144,508	3,702,982	6,241,420

This Reserve Fund 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. Accordingly, transfers to this Reserve need to be increased substantially in the future.

Youth Advisory Council Canberra Trip

Opening Balance	-	-	-
Transfer from Accumulated Surplus - Interest	-	-	-
Transfer from Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus	-	-	-
	-	-	-

A management review of Reserve Funds has determined that this Reserve should be closed, as it is more practical to allow funding within the Municipal Budget when the need arises (every 2 years). The balance of this Reserve was transferred to the Staff Payments & Entitlements Reserve.

Community Bus

Opening Balance	-	-	-
Transfer from Accumulated Surplus - Interest	-	-	-
Transfer from Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus	-	-	-
	-	-	-

A management review of Reserve Funds has determined that this Reserve should be closed, as the Plant & Vehicle Replacement Reserve sufficiently caters for this Reserve's purpose. The balance of this Reserve was transferred to the Plant & Vehicle Reserve.

Workers Compensation

Opening Balance	289,396	289,657	203,965
Transfer from Accumulated Surplus - Interest	12,394	8,000	11,739
Transfer from Accumulated Surplus	-	-	99,822
Transfer to Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus-Impairment	-	-	(26,130)
	301,790	297,657	289,396

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.

Green House Emissions Reductions

Opening Balance	120,263	116,310	70,972
Transfer from Accumulated Surplus - Interest	5,006	3,000	4,017
Transfer from Accumulated Surplus	80,000	80,000	68,163
Transfer to Accumulated Surplus	(19,672)	(20,000)	(14,064)
Transfer to Accumulated Surplus-Impairment	-	-	(8,825)
	185,597	179,310	120,263

Council has resolved to allocate \$20,000 each year to this reserve fund. These funds will be used to undertake work that will result in a reduction in energy and greenhouse emissions.

Development Contribution Plans

Opening Balance	4,334,499	2,732,148	7,541,313
Transfer from Accumulated Surplus - Interest	215,411	62,485	400,764
Transfer from Accumulated Surplus	1,577,896	416,480	588,614
Transfer to Accumulated Surplus	(2,094,140)	(1,829,375)	(4,196,191)
	4,033,666	1,381,738	4,334,499

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.

Family Day Care Building Maintenance

Opening Balance	95,444	120,100	37,600
Transfer from Accumulated Surplus - Interest	4,464	-	2,844
Transfer from Accumulated Surplus	-	-	55,000
Transfer to Accumulated Surplus	-	-	-
	99,908	120,100	95,444

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.

Aged and Disabled Vehicles

Opening Balance	321,955	154,682	206,027
Transfer from Accumulated Surplus - Interest	13,712	-	16,895
Transfer from Accumulated Surplus	100,926	-	281,500
Transfer to Accumulated Surplus	(181,705)	(24,500)	(182,468)
	254,887	130,182	321,955

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.

11. Reserves (continued)	Actual 2009/10	Budget 2009/10	Actual 2008/09
Family Day Care Vehicle			
Opening Balance	32,573	32,793	30,793
Transfer from Accumulated Surplus - Interest	1,946	-	1,780
Transfer from Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus	-	-	-
	34,519	32,793	32,573

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.

Welfare Projects Employee Entitlements

Opening Balance	477,310	456,747	519,692
Transfer from Accumulated Surplus - Interest	21,547	36,259	29,284
Transfer from Accumulated Surplus	-	-	2,600
Transfer to Accumulated Surplus	(81,959)	-	(74,266)
	416,898	493,006	477,310

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.

Bibra Lake Nutrient Management

Opening Balance	188,649	190,661	156,161
Transfer from Accumulated Surplus - Interest	7,668	5,500	8,988
Transfer from Accumulated Surplus	25,000	25,000	43,506
Transfer to Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus-Impairment	-	-	(20,006)
	221,317	221,161	188,649

This Reserve Fund was established in 2002/03 to provide funds to manage the nutrients in Bibra Lake once an acceptable solution to the problem is found. An annual allocation of \$25,000 is made.

Contaminated Sites

Opening Balance	855,717	852,943	665,348
Transfer from Accumulated Surplus - Interest	35,553	25,000	38,083
Transfer from Accumulated Surplus	300,000	300,000	278,691
Transfer to Accumulated Surplus	(128,273)	(223,975)	(41,334)
Transfer to Accumulated Surplus-Impairment	-	-	(85,071)
	1,062,997	953,968	855,717

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.

Municipal Elections

Opening Balance	244,612	226,385	233,630
Transfer from Accumulated Surplus - Interest	10,311	9,000	13,446
Transfer from Accumulated Surplus	90,000	90,000	112,686
Transfer to Accumulated Surplus	(150,000)	(150,000)	(85,219)
Transfer to Accumulated Surplus-Impairment	-	-	(29,931)
	194,923	175,385	244,612

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.

DCD Redundancies Reserve

Opening Balance	2,441	2,302	2,325
Transfer from Accumulated Surplus - Interest	113	-	140
Transfer from Accumulated Surplus	-	-	275
Transfer to Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus-Impairment	-	-	(298)
	2,554	2,302	2,441

This Reserve was created for the purpose of covering potential future redundancy costs for DCD funded services, as the funding agreement does not allow for these costs.

Port Coogee Special Maintenance - SAR

Opening Balance	126,604	140,000	-
Transfer from Accumulated Surplus - Interest	10,342	3,500	2,004
Transfer from Accumulated Surplus	155,481	133,386	124,600
Transfer to Accumulated Surplus	-	-	-
	292,427	276,886	126,604

This Reserve was established this year 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. The City will commence rating issued lots in 2008/09.

Port Coogee Waterways Reserve

Opening Balance	-	-	-
Transfer from Accumulated Surplus - Interest	-	-	-
Transfer from Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus	-	-	-
	-	-	-

This Reserve was established this year to manage the funds paid by the developer of the Port Coogee marina development in accordance with the Waterways Environmental Management Plan (WEMP). The funds will be used to maintain and manage the marina when it comes under the City's control.

Public Open Space (POS) Cash in Lieu Trust

Opening Balance	-	-	-
Transfer from Accumulated Surplus - Interest	-	-	-
Transfer from Accumulated Surplus	2,702,353	-	-
Transfer to Accumulated Surplus	-	-	-
	2,702,353	-	-

This Reserve was established in 2009/10 for holding Council's public open space cash in lieu trust funds.

Community Surveillance Levy Reserve

Opening Balance	-	-	-
Transfer from Accumulated Surplus - Interest	14,546	-	-
Transfer from Accumulated Surplus	456,405	-	-
Transfer to Accumulated Surplus	(273,775)	-	-
	197,176	-	-

This Reserve was established this year to fund activities in relation to Community Surveillance.

Carbon Pollution Reduction Scheme Reserve (CPRS)

Opening Balance	-	-	-
Transfer from Accumulated Surplus - Interest	-	-	-
Transfer from Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus	-	-	-
	-	-	-

This reserve will contain funds that are levied for the purpose of CPRS including payments to the Federal Government.

11. Reserves (continued)

	Actual 2009/10	Budget 2009/10	Actual 2008/09
Community Infrastructure – Development Contributions Reserve			
Opening Balance	-	-	-
Transfer from Accumulated Surplus - Interest	-	-	-
Transfer from Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus	-	-	-
	-	-	-

This reserve will contain funds that are levied for the purpose of CPRS including payments to the Federal Government.

NEW - Waste Collection Levy Surplus

Opening Balance			
Transfer from Accumulated Surplus - Interest			
Transfer from Accumulated Surplus			
Transfer to Accumulated Surplus			
	-	-	

This Reserve will be used to manage any surplus' generated from the annual waste collection levy versus the service costs.

SUMMARY CASH BACKED RESERVES

Opening Balance	31,222,801	30,975,664	28,495,585
Transfer from Accumulated Surplus - Interest	1,283,810	811,344	1,482,988
Transfer from Accumulated Surplus	20,675,704	10,568,816	19,960,909
Transfer to Accumulated Surplus	(15,839,131)	(18,240,052)	(16,716,680)
Transfer to Accumulated Surplus-Impairment	-	-	(2,000,000)

TOTAL CASH BACKED RESERVES

	37,343,185	24,115,772	31,222,801
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RESERVES OTHER

ASSET REVALUATION RESERVE

Opening Balance	342,958,000	355,614,167	342,300,844
Revaluation increments made during the year	-	-	657,156

TOTAL RESERVES OTHER

	342,958,000	355,614,167	342,958,000
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TOTAL RESERVES

	380,301,184	379,729,939	374,180,801
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12. Superannuation

The Council contributes in respect to its employees to the WA Local Government Superannuation Plan ("the plan"), established for the purpose of all local governments in the state. In accordance with statutory requirements, the Council contributes to the plan amounts determined by the plan actuary.

As a defined contribution (accumulation) scheme, assets accumulate in the plan to meet members' benefits as they accrue. Therefore, Council has no liability at reporting date in respect of superannuation benefits for its' employees.

	Actual 2009/10	Actual 2008/09
	\$	\$
Contributory	392,044	386,767
S.G. Occupational	2,143,509	1,935,542
	2,535,552	2,322,310

13. Capital & Leasing Commitments

Capital Commitments

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

	\$
Coogee Beach Surf Life Saving Clubhouse & Carpark Construction	1,477,767
Coolbellup Community Centre Facilities	389,081
Heavy Fleet-Waste Iveco F2350G/260 Rubbish Truck PL7551	376,836
Low Profile Rear Loading Waste Truck	202,693
SPEARWOOD AVE/BARRINGTON ST - Traffic signals	167,767
Spearwood Ave(Hamilton/Cockburn) Construct dual	100,000
Regional Recreation Facilities Success - Construction	92,173
865 Wentworth Pde Cockburn Central Development	78,000
Heavy Fleet - Roads Mits. FM65H1RFAE PL7092	77,688
Heavy Fleet Caterpillar Loader - Roads PL1222	75,910
Coolbellup Community Centre Facilities	72,858
Aubin Grove Facility Construction	67,882
865 Wentworth Pde Cockburn Central Development	65,000
Regional Recreation Facilities Success - Construction	62,889
Regional Recreation Facilities Success - Construction	56,930
RUSSELL RD [Freeway/Ashendon] - Construct dual cwy	52,296
Spearwood Ave(Sudlow/Barrington) Construct cwy	51,018
Cockburn Central Super Clinic - Feds Funded	42,887
Light Fleet Building Dept - Mike Ward PL2053	32,708
Coolbellup Community Centre Facilities	32,640
Subdivision Lot 18 Grandpre Cres & Reserve 42809 Heal St	32,500
Council Property Energy Efficiency Improvements	31,715
	3,639,238

Leasing Commitments

Operating Lease Commitments : non-cancellable operating leases contracted for but not capitalised in the accounts.

	Actual 2009/10	Actual 2008/09
Payable:	\$	\$
Not later than 1 year	554,077	499,332
Later than 1 year but not later than 2 years	478,312	372,802
Later than 2 years but not later than 5 years	397,320	402,640
	1,429,709	1,274,773



14. Notes to Cash Flow Statement

14a. Reconciliation of Net Cash Used in Operating Activities to Change in Net Assets Resulting from Operations.

	Actual 2009/10	Budget 2009/10	Actual 2008/09
	\$	\$	\$
Change in net assets resulting from Operating Activities	21,838,630	8,221,309	7,852,077
Add (Less) non-cash items:			
Depreciation	17,825,833	16,950,206	16,534,516
(Profit)/Loss on Sale of Assets	(1,211,144)	(100,322)	(1,952,315)
Impairment charge provision	-	-	2,000,000
Employee entitlements provision	613,383	-	359,076
Accrued investment income	(368,521)	-	71,411
Recognition of infrastructure assets previously not recognised	(6,661,611)	-	(4,736,020)
Less: Grants & Contributions for the Development of Assets	(10,713,945)	(9,721,976)	(5,325,068)
Change in Assets and Liabilities:			
[Increase)/Decrease in Rates Debtors & Deferred Rates	(585,008)	-	166,058
(Increase)/Decrease in Sundry Debtors	(1,455,546)	-	(730,136)
(Increase)/Decrease in Stock on Hand	(10,228)	-	(6,028)
Increase/(Decrease) in Creditors & Accruals	1,987,696	-	(48,792)
(Increase)/Decrease in Rubbish Debtors	(22,796)	-	11,203
Increase/(Decrease) on Income Received in Advance	451,488	-	(25,037)
(Increase)/Decrease in Prepayments	(39,647)	-	152,464
NET CASH USED IN OPERATING ACTIVITIES	21,648,585	15,349,217	14,323,412

14b. Reconciliation of Cash

For the purpose of the Cash Flow Statement, 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: -

Cash at Bank	1,842,656	31,955,407	2,106,284
Cash on Hand (Petty Cash)	13,839	-	10,765
Cash Equivalent Investments	43,368,000	811,344	32,820,000
CASH & CASH EQUIVALENTS AT END OF REPORTING PERIOD	45,224,495	32,766,751	34,937,048

15. Interests in Joint Venture Entities

South West Group

The Council is a member participant of the South West Group along with the cities of Melville, Rockingham and Fremantle; and the towns of Kwinana & East Fremantle. Council's share in the net assets of the South West Group as at 30 June was:

	2009/10	2008/09
Amount of interest	\$89,505	\$82,237
Cost/profit sharing ratio	21.31%	22.00%

Southern Metropolitan Regional Council (SMRC)

General Funds

The Council is a member of the Southern Metropolitan Regional Council. SMRC was established in accordance with the Local Government Act 1995 and consist of seven local governments namely the cities of Canning, Cockburn, Fremantle, Melville, Rockingham and Towns of East Fremantle and Kwinana. Council's share in the net assets of the SMRC (excluding the RRRC project) as at 30 June was:

	2009/10	2008/09
Amount of interest	\$117,385	\$116,593
Cost/profit sharing ratio	19.40%	19.40%

The RRRC project is disclosed separately as it has a different cost/profit sharing ratio to that for the SMRC's general funds.

Regional Resource Recovery Centre (RRRC)

This project is undertaken on behalf of SMRC's five participating Councils being the cities of Canning, Cockburn, Fremantle, Melville and Town of East Fremantle. The venture was established through the SMRC as a major trading undertaking. The RRRC joint venture's principal activity is the development of a waste processing plant & recyclable & green waste facility at Canning Vale.

Participating Councils are required to make quarterly contributions 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 required level of contribution for capital costs is based proportionately upon each participant's population as determined by the Australian Bureau of Statistics census. These are revised every 1 in 5 years over the life of the loan, with the next review due in the 2013/14 financial year. The ratio used for capital contributions is currently set at 26.95%

Each project participant develops equity in the project via the payments made towards capital and its' share of profits & losses made each year (calculated in accordance with the ratio of past capital contributions).

The Council's net interest in the RRRC joint venture as at 30 June was:

	2009/10	2008/09
Net Amount of Interest	\$774,883	\$1,190,928
Profit sharing ratio	26.95%	26.95%

Further information is provided in regard to the lending facility for the RRRC project under note 24. Contingent Liabilities.



16. Fees and Charges

	Actual 2009/10	Budget 2009/10	Actual 2008/09
	\$	\$	\$
General Purpose Funding			
Administration Fees	189,106	210,000	197,861
Rate Search Fees	78,049	50,000	59,221
Admin Fee - FESA	79,240	78,000	77,490
Other Fees & Charges	180	150	150
	346,574	338,150	334,722
Governance			
Administration Service Charges	23,847	21,000	22,881
Advertising Cockburn Soundings	-	-	-
Other Fees & Charges	24,875	15,320	17,542
	48,722	36,320	40,423
Law, Order and Public Safety			
Dog Registration Fees	85,819	100,000	86,900
Licences	12,451	12,100	11,701
Impounding Fees	15,044	24,000	16,538
Fines, Infringements & Penalties	142,357	126,900	107,691
Security Patrol Levy	1,911,989	2,100,000	2,211,006
Other Fees & Charges	3,642	2,000	2,853
	2,171,301	2,365,000	2,436,689
Health			
Administration, Application & Inspection Fees	103,614	16,000	15,707
Administration Fees & Licences	57,437	80,000	78,313
Fines & Penalties	44,836	15,000	35,324
Sundry Sales	334	1,400	356
Other Fees & Charges	1,668	2,600	1,947
	207,888	115,000	131,648
Education and Welfare			
Client Fees	519,995	595,243	514,238
Lease / Rental Income	58,335	44,130	39,284
Other Fees & Charges	551,798	398,291	99,593
	1,130,129	1,037,664	653,115
Community Amenities			
Planning Fees & Charges	1,136,283	925,500	948,949
Rubbish Removal Charges	12,098,979	11,735,738	9,207,330
Rubbish Tipping Fees	9,711,674	10,835,270	8,884,572
Other Fees & Charges	969,992	524,250	482,933
	23,916,929	24,020,758	19,523,784

16. Fees and Charges (continued)

	Actual 2009/10	Budget 2009/10	Actual 2008/09
	\$	\$	\$
Recreation and Culture			
Client Fees	9,860	10,000	11,073
Hall Hires	227,041	184,500	203,977
Reserve Hires	165,258	111,500	152,452
Leasehold Rentals	46,316	49,436	44,411
Recreation Centre Charges	2,200,138	2,065,576	2,080,105
Other Fees & Charges	74,285	70,530	63,522
	2,722,898	2,491,542	2,555,540
Transport			
Reinstatements Revenue	-	5,000	(523)
Supervision Fees	155,686	100,000	89,172
Other Fees & Charges	15,893	12,500	5,213
	171,579	117,500	93,862
Economic Services			
Building Licences	1,417,665	1,217,500	1,457,363
Caravan Park Leases / Licences	348,983	341,600	328,436
Assessment & Application Fees	3,190	2,000	11,562
Swimming Pool Inspection Fees	89,532	91,000	73,074
Fines & Penalties	5,975	2,000	320
Other Fees & Charges	26,379	25,000	24,989
	1,891,725	1,679,100	1,895,743
Other Property and Services			
Private Works Revenue	8,492	45,159	64,898
Lease / Rental Income	60,043	61,800	60,621
Other Fees & Charges	133,892	119,500	92,917
	202,427	226,459	218,437
TOTAL FEES & CHARGES	32,810,171	32,427,493	27,883,963



17. Other Expenses

	Actual 2009/10	Budget 2009/10	Actual 2008/09
	\$	\$	\$
a. Councillor's Remuneration			
The following fees, expenses and allowances were paid to councillors and the mayor:			
Meeting Fees	77,095	77,000	71,822
Vehicle Mileage Claims	20,490	17,000	9,839
Mayoral/Deputy Mayoral Allowances	65,750	39,000	48,788
Communication Expenses	33,328	39,000	28,298
	196,663	172,000	158,747
b. Auditors Remuneration			
Audit Services	25,550	27,000	28,430
c. Rental - Operating Leases			
	429,490	335,100	345,734

18. Financial Ratios

	Actual 2009/10	Actual 2008/09	Actual 2007/08	Actual 2006/07	Actual 2005/06
CURRENT Ratio (The Higher The Better)	1.46:1	1.61:1	2.78:1	2.52:1	2.97:1
DEBT Ratio (The Lower The Better)	2.08%	1.65%	1.80%	2.32%	2.93%
RATE COVERAGE Ratio (The Higher The Better)	42.83%	47.27%	38.63%	36.62%	37.95%
OUTSTANDING RATES Ratio (The Lower The Better)	1.17%	-0.17%	0.36%	0.27%	0.74%
UNTIED CASH TO TRADE CREDITORS Ratio (The Higher The Better)	1.50:1	1.42:1	1.48:1	1.99:1	3.17:1

The above ratios are calculated as follows:

CURRENT RATIO: Current assets - Restricted Assets / Current liabilities - liabilities associated with restricted assets.

Purpose: To assess the adequacy of working capital and the ability to satisfy obligations in the short term.

DEBT RATIO: Total liabilities / total assets.

Purpose: To identify exposure to debt by measuring the proportion of assets funded by creditors.

DEBT SERVICE RATIO: Debt service cost / Available operating revenue

Purpose: To assess the degree to which revenues are committed to the repayment of debt.

RATE COVERAGE RATIO: Net rate revenue / operating revenue

Purpose: To assess the degree of dependence upon revenue from rates.

OUTSTANDING RATES RATIO: Rates outstanding / rates collectable

Purpose: To assess the impact of uncollected rates on liquidity and the adequacy of recovery effort.

GROSS DEBT TO REVENUE RATIO: Gross Debt / Total Revenue

Purpose: To assess gross debt as a percentage of total revenue (excluding specific purpose grants).

UNTIED CASH TO TRADE CREDITORS RATIO: Untied cash / unpaid trade creditors

Purpose: To assess adequacy of cash available to meet trade creditors.

GROSS DEBT TO ECONOMICALLY REALISABLE ASSETS RATIO: Purpose: To assess gross debt as a % of realisable assets (ie. total assets excluding infrastructure assets).

19. Discounts, Incentives, Concessions, & Write Offs

Discounts

The discount for the early payment of rates has been discontinued. Council is mindful that the majority of ratepayers prefer to pay by instalments rather than an one off up front payment. In taking this action, more ratepayers are now able to benefit from the lower rate increase of 3% (that would otherwise not be possible).

	Discount	Actual 2009/10	Budget 2009/10	Actual 2008/09
	%	\$	\$	\$
General Rates	0	0	0	642,375

Incentives

In view of the current economic conditions and the desire to produce a balanced budget, Council has suspended the offering of prize incentives for the early payment of rates. This initiative will be reviewed next year.



20. Interest Charges, Administration Fees and Instalments

	Interest Rate	Admin Fee	Actual 2009/10	Budget 2009/10	Actual 2008/09
	%	\$	\$	\$	\$
Administration Fee		5.00	189,126	210,000	197,861
Penalty Interest	8.00	-	114,537	102,000	174,366
Instalment Interest	4.00	-	169,792	150,000	195,948

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 18 August 2009
- (b) Pay in two instalments due:
1. 18 August 2009
 2. 15 December 2009
- (c) Pay in four instalments due:
1. 18 August 2009
 2. 13 October 2009
 3. 15 December 2009
 4. 16 February 2010

Administration Fees

An administration charge of \$5.00 per instalment (excluding the first instalment) was payable during the year. The administration charge is made to cover the additional costs involved in administering the instalment scheme.

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 5% on outstanding rates for the year under review. This charge covered the opportunity cost of lost income on investment that would otherwise be received had the instalment options not been exercised. The maximum rate of interest allowed to be imposed on outstanding amounts under S6.45(4)(e) of the Local Government Act is 5.5%

Penalty Interest - Rates

Penalty interest was levied where payment in full or the first instalment was not received within thirty-five days of the issue of the rate notice. The rate charged was 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 - FESA

The Minister for Emergency Services deemed the penalty interest rate for 2009/10 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.

21a. 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:	\$50.00
Total amount of revenue collected from service charge for 2009/10:	\$1,926,535
Add: Amount of funds b/f from previous year for unspent service charges	\$456,405
Less: Amount of total funds applied during the reporting year in meeting the costs of the service in a cost sharing arrangement with the City of Melville were:	\$2,143,394
Amount of funds un-applied as at 30 June 2010 (carried forward into the following year to meet future service costs).	\$239,546

21b. Other Service Charges

Private Swimming Pool Inspection Fees

Council resolved in accordance with the provisions of Section 245A (8) of the Local Government (Miscellaneous Provisions Act 1960) to impose a charge of \$19.65 (gst incl.) for the reporting year on those properties with private swimming pools. This is an annual charge that covers the cost of carrying out periodical inspections on all swimming pools.

Domestic Refuse Charge

In accordance with the provisions of the Health Act 1911 Section's 344C and 112A(1)(b), Council imposed for the reporting year the following charges for the removal of house and trade refuse and other rubbish from premises:

Commercial, industrial and residential rubbish removal per 240 litre bin service:	\$325.00
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22. Statement of Rating Information for Year Ended 30 June 2010

PARTICULARS	NON-MINIMUM				Budget 2009/10	Qty	Rateable Value
	Qty	Rateable value	Rate in \$	Yield			
		\$	cents	\$	\$		\$
GRV							
Residential - Improved	22,243	280,362,854	5.8692	16,455,118	16,454,248	8,006	65,878,018
Residential - Vacant	1,785	40,222,330	7.7250	3,107,176	3,173,671	27	131,010
Building WIP	1,170	16,245,161	5.8692	953,461	903,948	185	1,490,640
Commercial - Improved	303	20,749,918	7.0288	1,458,470	1,458,470	81	495,408
Commercial - Vacant	31	1,334,750	11.1563	148,909	148,909	7	19,145
Large Commercial - Improved	12	31,194,122	8.0588	2,513,872	2,513,872		
Industrial - Improved	1,100	74,821,799	7.0288	5,259,074	5,259,941	243	2,098,910
Large Industrial - Improved	30	33,109,256	8.0588	2,668,209	2,668,209		
Industrial- Vacant	382	10,437,400	11.1563	1,164,428	1,164,428	1	1,450
Specified Area Rate - Port Coogee Mtc	278	13,330,120	1.0000	133,301		1	9,600
Total GRV	27,334	521,807,710		33,862,018	33,745,696	8,551	70,124,181
UV							
UFL - Rural General	22	21,880,000	0.1612	35,271	35,271	2	1,000,000
Resource	565	319,585,000	0.1612	515,171	515,171	3	990,000
Resource - Industrial	9	24,200,000	0.1612	39,010	39,010	3	478,975
Resource - Commercial	15	14,360,000	0.1612	23,148	23,148	1	355,000
Resource - Vacant	65	40,610,000	0.2700	109,647	109,647	2	550,000
Rural General	271	200,655,000	0.1612	323,456	323,456	10	1,910,000
Rural General - Commercial	28	43,120,000	0.1612	69,509	69,509	4	1,725,000
Rural General - Industrial	13	23,790,000	0.1612	38,349	38,349	3	961,271
Rural General - Vacant	85	108,675,000	0.2700	293,423	293,423	3	407,350
Total UV	1,073	796,875,000		1,446,985	1,446,984	31	8,377,596
Total Rates Levied							
OTHER ITEMS							
Part Year Rating - Specified Area Rate (Port Coogee)				22,080	133,386		
Part Year Rating - Other				1,511,853	749,742		
Less: Discount Allowed				1,300			
Rate Interest				169,792	165,000		
Rate Penalty				114,537	280,000		
Total Other Items				1,819,561	1,328,128		
TOTAL RATES	28,407	1,318,682,710		37,128,564	36,520,808	8,582	78,501,777

MINIMUM			TOTALS					
Amount	Yield	Budget 2009/10	Qty	Rateable Value	Yield	Budget 2009/10	% of Ratebase	
\$	\$	\$	No.	\$	\$	\$		
550	4,403,300	4,403,300	30,249	346,240,872	20,858,418	20,857,548	51.99%	
550	14,850	15,400	1,812	40,353,340	3,122,026	3,189,071	7.78%	
550	101,750	101,750	1,355	17,735,801	1,055,211	1,005,698	2.63%	
818	66,258	66,258	384	21,245,326	1,524,728	1,524,728	3.80%	
818	5,726	5,726	38	1,353,895	154,635	154,635	0.39%	
818			12	31,194,122	2,513,872	2,513,872	6.27%	
818	198,774	198,774	1,343	76,920,709	5,457,848	5,458,715	13.60%	
818			30	33,109,256	2,668,209	2,668,209	6.65%	
818	818	818	383	10,438,850	1,165,246	1,165,246	2.90%	
100	100		279	13,339,720	133,401		0.33%	
	4,791,576	4,792,026	35,885	591,931,891	38,653,594	38,537,722	96.34%	
818	1,636	1,636	24	22,880,000	36,907	36,907	0.09%	
569	1,707	1,707	568	320,575,000	516,878	516,878	1.29%	
818	2,454	2,454	12	24,678,975	41,464	41,464	0.10%	
818	818	818	16	14,715,000	23,966	23,966	0.06%	
827	1,654	1,654	67	41,160,000	111,301	111,301	0.28%	
569	5,690	5,690	281	202,565,000	329,146	329,146	0.82%	
818	3,272	3,272	32	44,845,000	72,781	72,781	0.18%	
818	2,454	2,454	16	24,751,271	40,803	40,803	0.10%	
827	2,481	2,481	88	109,082,350	295,904	295,904	0.74%	
	22,166	22,166	1,104	805,252,596	1,469,151	1,469,150	3.66%	
					40,122,745	40,006,872		
					22,080	133,386		
					1,511,853	749,742		
					1,300	0		
					169,792	165,000		
					114,537	280,000		
					1,819,561	1,328,128		
	4,813,742	4,814,192	36,989	1,397,184,487	41,942,306	41,335,000	100%	

23. Net Current Asset Position

The net current asset position balance (adjusted for Restricted assets) carried forward from the previous financial year for the purpose of the 2009/10 budget was \$ 2,148,890

The net current asset position balance (adjusted for Restricted assets) shown in the audited financial report as at 30 June 2009 was \$ 3,247,413

24. Contingent Liabilities

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 revised every 1 in 5 years over the life of the loan. Council's share in the 2009/10 year is 26.95%, the same as the previous year's.

As at 30th June 2010, the balance outstanding against the lending facility stood at \$51,329,631 with Council's share of this liability being \$13,834,470 (calculated using the ratio of 26.95%).

Council's annual contribution towards the repayment of interest and principal on the lending facility is currently around \$1.23 million (approx. \$41 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).

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 2010, the balance outstanding against this facility stood at \$1,800,000 with Council's share of this liability being \$349,200 (using the current cost/profit sharing ratio of 19.40%).

25. 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		Est. Fair Value	
	Actual 2009/10	Actual 2008/09	Actual 2009/10	Actual 2008/09
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	45,224,495	34,937,049	45,224,495	34,937,049
Held-to-maturity investments	14,027,486	13,783,474	13,876,301	11,617,050
Receivables	7,653,209	6,000,332	7,653,209	6,000,332
	66,905,190	54,720,855	66,754,005	52,554,431
Financial Liabilities				
Payables	10,248,263	7,838,540	10,248,263	7,838,540

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.

(i) For further commentary regarding the fair value determination of these financial assets please refer to note 1-j and 1-x.

(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 2009/10		Actual 2008/09
Impact of a 5% (*) movement in price of investments:	\$		\$
- Equity	3,290,421		2,938,004
- Income Statement	3,290,421	(+)	2,938,004
Impact of a 0.5% (*) movement in interest rates on cash and investments:			
- Equity	329,042		293,800
- Income Statement	329,042	(+)	293,800

(*) 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 2009/10	Actual 2008/09
Percentage of Rates and Annual Charges		
- Current	45%	47%
- Overdue	55%	53%
Percentage of Other Receivables		
- Current	86%	67%
- Overdue	14%	33%

(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 \$	Total contractual cash flows \$
2010			
Payables	7,372,656	2,875,608	10,248,264
2009			
Payables	5,406,075	2,432,465	7,838,540

(d) Interest Rate Risk Profile

The City is exposed to interest rate risk through primary financial assets and liabilities. The following table summaries interest rate risk for the City, together with the effective interest rates as at 30th June 2010.

2009/10	Average Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturity			Non-Interest Bearing	Total
			Less than 1 Year	1 to 5 Years	More than 5 Years		
			%	\$	\$		
Financial Assets							
Cash	4.25	2,556,076					2,556,076
Direct Securities	5.81			6,927,905			6,927,905
FRN's & TD's	5.85		43,368,000	4,400,000	2,000,000		49,768,000
Receivables	5.51	486,139				7,167,070	7,653,209
Total		3,042,215	43,368,000	11,327,905	2,000,000	7,167,070	66,905,190
Financial Liabilities							
Accounts Payable						7,372,656	7,372,656
Deposits/Bonds	4.25		440,030			2,435,578	2,875,608
Total		-	440,030	-	-	9,808,234	10,248,263

The following table provides comparatives as at 30th June 2009:

2008/09	Average Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturity			Non-Interest Bearing	Total
			Less than 1 Year	1 to 5 Years	More than 5 Years		
			%	\$	\$		
Financial Assets							
Cash	3.00	2,448,109					2,448,109
Direct Securities	4.26		500,000	6,552,414			7,052,414
FRN's & TD's	6.36		32,820,000	4,400,000	2,000,000		39,220,000
Receivables	5.00	453,262				5,547,060	6,000,322
Total		2,901,371	33,320,000	10,952,414	2,000,000	5,547,060	54,720,845
Financial Liabilities							
Accounts Payable	-					5,406,075	5,406,075
Deposits/Bonds	6.36		486,913			1,945,552	2,432,465
Total		-	486,913	-	-	7,351,627	7,838,540



(e) Impairment of Investment

CLEAR PLC Series 34 (Asset Backed) CDO Security

The City provided an impairment charge for the CLEAR investment in the 2007/08 financial year and this remained in place as at 30 June 2009. The City was advised on 3 March 2010 by Oakvale Capital (our investment advisor) that the CLEAR security had defaulted. This resulted in the impairment provision being fully taken up and the remaining carrying value of \$80k written off against the income statement.

Financial details for the CLEAR security are as follows:

Investment	Purchase Value	Impairment Provision (made in 2007/08)	Carrying Amount at 1 July 2009	Written off to provision and income statement at 2009/10	Income received post impairment
	\$	\$	\$	\$	\$
C.L.E.A.R. (Asset Backed)	1,000,000	920,000	80,000	1,000,000	\$79,553
Total	1,000,000	920,000	80,000	1,000,000	\$79,553

Mortgage Backed Securities (MBS) & Collateralised Debt Obligations (CDO) Credit Linked Securities

The City did not make any further impairment provisions for investments during 2009/10.

Whilst current indications of market value for several mortgage backed and CDO securities are below that of carrying value, our best evidence indicates that these are not impaired and that the City will receive in full all of the capital amount invested. These continue to be classified as 'held to maturity' investments.

Supporting this view is the fact the City received back in full the \$1M invested in Obelisk CDO's in July 2010 and \$0.45m invested in Harvey Trust MBS in October 2010, the underlying relative strength of the Australian mortgage portfolios within the mortgage backed securities, and the remaining levels of subordination within the Ashwell credit linked CDO's and their short term to maturity (March 2011).

26. Major Land Transactions

“Council is required to prepare a business plan for the development & sale of any land that meets the definition of a ‘major land transaction’ under S3.59 of the Local Government Act 1995 and reg. 7 of the Local Government (Functions and General) Regulations 1996. Further, it is also required to disclose in the annual financial report, certain information regarding ‘major land transactions’ in accordance with regs. 46 & 47 of the Local Government (Financial Management) Regulations 1996.

The following details describe those major land transactions completed or outstanding as at 30 June 2010: “

(a) Development & Sale of Lot 5 Cnr Bartram Road and Tapper Road, Atwell.

In August 2006, Council resolved to subdivide, develop and sell its land holding at lot 5 Bartram Rd, Atwell. This major land transaction was conducted over several financial years and has now been finalised:

Transaction Details	Prior Year Actuals	Actual 2009/10	Whole of life Total
	\$	\$	\$
Income from Sales	6,519,136	3,471,091	9,990,227
Development/Selling Costs	(1,943,677)	(118,672)	(2,062,349)
Value of undeveloped land	(5,000,000)		(5,000,000)
Net Position	(424,541)	3,352,419	2,927,878

There were no liabilities in relation to this land as at 30 June 2010 and all financial transactions have been accounted for.

(b) Lot 7 Cockburn Central - Purchase and Development

Council resolved to purchase lot 7 Cnr Linkage Avenue & Junction Boulevard, Jandakot to develop into a commercial, retail and civic complex in conjunction with Combined Equity Pty Ltd as determined by council.

Transaction Details	Prior Year Actuals	Actual 2009/10	Whole of life Total
	\$	\$	\$
Income from Sales	-	-	-
Development Agreement Contributions	(978,296)		(978,296)
Purchase of Land	(2,120,542)	-	(2,120,542)
Net Position	(3,098,838)	-	(3,098,838)

Due to the downturn in global economic conditions as a result of the GFC in recent years and the impact this has had on Perth’s property development sector, this project was assessed as unviable.

Consequently, Council and the contracted developer (Combined Equity) mutually agreed to abandon the project in its current form. As a result, development costs accumulated to 30 June 2009 totalling \$978,296 were written off to the Income Statement in the 2008/09 financial year. In the meantime, Lancorp have agreed for Council to retain ownership of the land whilst future options for its use are assessed.

Expected Future Cash Flows

Any further development proposals for this land will be subject to a new business plan with cash flow forecasts. Should Council decide to sell the land holding or be required to, it will receive the sale proceeds at the prevailing market value.

27a. Remuneration of Senior Employees

Regulation 19B of the Local Government (Administration) Regulations 1996 requires Council to disclose the number of employees entitled to an annual cash salary of \$100,000 or more:

	Actual 2009/10	Actual 2008/09
Annual Salary between:	No.	No.
\$100,000 and \$109,999	3 (***)	3
\$110,000 and \$119,999	3	3
\$120,000 and \$129,999	-	-
\$130,000 and \$139,999	1	2
\$140,000 and \$149,999	1 (**)	2
\$150,000 and \$159,999	2 (*)	-
\$160,000 and \$169,999	-	-
\$170,000 and \$179,999	-	-
\$180,000 and \$189,999	-	-
\$190,000 and \$199,999	-	-
\$200,000 and \$209,999	-	-
\$210,000 and \$219,999	-	-
\$220,000 and \$229,999	1 (*)	1
\$230,000 and \$239,999	-	-
\$240,000 and \$249,999	-	-
Total	11	11

The above information does not include the payment of motor vehicle and other allowances of \$15,210 for 1 senior employee(****), \$20,475.78 for 1 senior employee(**), \$22,600 for 1 senior employee (*), and \$18,676 for 1 senior employee (*)

27b. Number of Employees

	Actual 2009/10	Actual 2008/09
Number of full-time equivalent (FTE) employees as at balance date:	No. 381	No. 364

28. Economic Dependency

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

	Actual 2009/10	Actual 2008/09
	\$	\$
The total of grant revenue from government sources:	15,531,502	11,250,631



29a. Determination of Opening Funds

	Actual 2009/10	Actual 2008/09
	\$	\$
Current Assets		
Cash & Cash Equivalents	34,937,048	27,288,378
Investments Held to Maturity	1,831,060	3,402,472
Trade & Other Receivables	5,547,060	4,660,565
Inventories	2,418,022	22,503
	44,733,190	35,373,918
Current Liabilities		
Trade & Other Payables	(5,406,075)	(4,991,888)
Provisions	(3,814,749)	(3,494,975)
	(9,220,824)	(8,486,863)
Net Current Assets	35,512,366	26,887,055
Less:		
Restricted Financial Assets - Reserve Funds	(31,222,801)	(28,495,585)
Land Held for Re-sale	(2,389,491)	
Restricted Financial Assets - Deposits & Bonds	(2,432,465)	(3,647,648)
Committed Financial Assets (unspent grants & contributions)	(8,172,610)	(7,328,072)
	(8,705,001)	(12,584,250)
Add:		
Restricted Financial Assets held in Non Current Investments	11,952,414	15,998,670
Add:		
Leave Provisions - cash-backed		
Opening Funds in Rate Setting Statement	3,247,413	3,414,420

29b. Determination of Closing Funds

	Actual 2009/10	Actual 2009/10
Cash & Cash Equivalents	45,224,495	34,937,049
Investments Held to Maturity	5,655,072	1,831,060
Trade & Other Receivables	7,129,163	5,547,060
Inventories	38,759	2,418,022
	58,047,489	44,733,190
Current Liabilities		
Trade & Other Payables	(7,357,243)	(5,406,075)
Provisions	(4,322,945)	(3,814,749)
	(11,680,188)	(9,220,824)
Net Current Assets	46,367,301	35,512,366
Less:		
Restricted Financial Assets - Reserve Funds	(37,343,185)	(31,222,801)
Land Held for Re-sale	-	(2,389,491)
Restricted Financial Assets - Deposits & Bonds	(2,875,608)	(2,432,465)
Committed Financial Assets (unspent grants & contributions)	(9,277,775)	(8,172,610)
	(3,129,266)	(8,705,001)
Add:		
Restricted Financial Assets held in Non Current Investments	8,372,414	11,952,414
Add:		
Leave Provisions - cash-backed	-	-
Closing Funds in Rate Setting Statement	5,243,148	3,247,413