



City of Nedlands

# **Agenda**

## **Audit & Risk Committee Meeting**

### **5 November 2018**

Dear Committee Member

The next meeting of the Audit & Risk Committee will be held on Thursday, 5 November 2018 in the Meeting Room at the City of Nedlands Council Administration Building located at 71 Stirling Highway, Nedlands commencing at 5.30 pm.

#### **ATTENTION**

This Agenda has yet to be dealt with by the Committee.

The Administration Recommendations, shown at the beginning of each item, have yet to be considered by the Committee and are not to be interpreted as being the position of either the Committee or Council.

The Minutes of the meeting held to discuss this Agenda should be read to ascertain the decision of the Committee.

Before acting on any recommendation of the Committee a check must also be made in the Ordinary Council Minutes following the Committee Meeting to ensure that Council did not make a decision at variance to the Committee Recommendation.

Greg Trevaskis  
Chief Executive Officer  
30 October 2018

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## City of Nedlands

**Notice of a meeting of the Audit & Risk Committee to be held in the Meeting Room at the City of Nedlands on Thursday 5 November 2018 at 5.30 pm.**

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### **Audit & Risk Committee Agenda**

#### **Declaration of Opening**

The Presiding Member will declare the meeting open at 5.30 pm and will draw attention to the disclaimer below.

(NOTE: Council at its meeting on 24 August 2004 resolved that should the meeting time reach 11.00 p.m. the meeting is to consider an adjournment motion to reconvene the next day).

#### **Present and Apologies and Leave of Absence (Previously Approved)**

**Leave of Absence (Previously Approved)**                      None at distribution of agenda.

**Apologies**    None at distribution of agenda.

#### **Disclaimer**

Members of the public who attend Council meetings should not act immediately on anything they hear at the meetings, without first seeking clarification of Council's position. For example by reference to the confirmed Minutes of Council meeting. Members of the public are also advised to wait for written advice from the Council prior to taking action on any matter that they may have before Council.

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#### **1. Public Question Time**

A member of the public wishing to ask a question should register that interest by notification in writing to the CEO in advance, setting out the text or substance of the question. Questions tabled at the meeting may be unable to be answered due to the requirement for technical research and will therefore be answered directly afterwards.

Questions must relate to a matter contained within the agenda of this meeting.

**2. Addresses By Members of the Public (only for items listed on the agenda)**

Addresses by members of the public who have completed Public Address Session Forms will be invited to be made at this point.

**3. Disclosures of Financial Interest**

The Presiding Member to remind Councillors and Staff of the requirements of Section 5.65 of the Local Government Act to disclose any interest during the meeting when the matter is discussed.

A declaration under this section requires that the nature of the interest must be disclosed. Consequently a member who has made a declaration must not preside, participate in, or be present during any discussion or decision making procedure relating to the matter the subject of the declaration.

However, other members may allow participation of the declarant if the member further discloses the extent of the interest. Any such declarant who wishes to participate in the meeting on the matter, shall leave the meeting, after making their declaration and request to participate, while other members consider and decide upon whether the interest is trivial or insignificant or is common to a significant number of electors or ratepayers.

**4. Disclosures of Interests Affecting Impartiality**

The Presiding Member to remind Councillors and Staff of the requirements of Council's Code of Conduct in accordance with Section 5.103 of the Local Government Act.

Councillors and staff are required, in addition to declaring any financial interests to declare any interest that may affect their impartiality in considering a matter. This declaration does not restrict any right to participate in or be present during the decision-making procedure.

The following pro forma declaration is provided to assist in making the disclosure.

"With regard to ..... the matter in item x..... I disclose that I have an association with the applicant (or person seeking a decision). As a consequence, there may be a perception that my impartiality on the matter may be affected. I declare that I will consider this matter on its merits and vote accordingly."

The member or employee is encouraged to disclose the nature of the association.

**5. Declarations by Members That They Have Not Given Due Consideration to Papers**

Members who have not read the business papers to make declarations at this point.

**6. Confirmation of Minutes**

**6.1 Audit & Risk Committee Meeting 16 August 2018**

The minutes of the Audit & Risk Committee held 16 August 2018 are to be confirmed.

**7. Items for Discussion**

Note: Regulation 11(da) of the *Local Government (Administration) Regulations 1996* requires written reasons for each decision made at the meeting that is significantly different from the relevant written recommendation of a committee or an employee as defined in section 5.70, but not a decision to only note the matter or to return the recommendation for further consideration.

## 7.1 Internal Audit Actions

<b>Owner</b>	City of Nedlands
<b>Officer</b>	Andrew Melville – Manager Health & Compliance
<b>Director</b>	Lorraine Driscoll – Director Corporate & Strategy
<b>Disclosure of Interest</b>	No officer involved in the preparation of this report had any interest which required it to be declared in accordance with the provisions of the Local Government Act (1995).
<b>Attachments</b>	1. Internal Audit Actions List

### Executive Summary

The attached Internal Audit Actions List contains details of the matters raised by the auditors throughout the City’s Internal Audit program. The list allocates the Action, Action Owner, its Status and Outcome.

The recently updated Internal Audit Actions List is presented to the Audit and Risk Committee for their information.

### Recommendation to Committee

**The Audit and Risk Committee receives the Internal Audit Actions List.**

### Discussion/Overview

An Audit is a process through which internal control effectiveness is examined and assessed. The objective is to provide an Audit for compliance with relevant management policies and procedures. Each internal audit undertaken results in Actions being recommended to the City’s Administration. These actions are monitored for completion using the Internal Audit Actions List.

The attached list contains details of the Actions raised and outcome.

The recently updated Internal Audit Actions List is presented to the Audit and Risk Committee for their information.

### Key Relevant Previous Council Decisions:

Nil

### Consultation

Nil

## **Budget/Financial Implications**

Nil.

Any actions requiring expenditure that is not allocated to an existing budget will be considered by Council during budget deliberations.

## Internal Audit Action Tracking Log

View the full audits [here](#):

### Compiled Outstanding Action List – Monitoring Log

Audit	Actions	Action Owner	Target Date	Status	Outcome
Project Management (item 3.4.1)	<p><b>Project management information</b> A policy for the standard structure of storing project file folders and applying version control over key documentation should be communicated to all departments and become a required standard practice.</p>	Policy & Projects Officer – implement and to be carried out ongoing by project managers	<p>November 2015</p> <p>April 2018</p>	<p>On Hold</p> <p>In progress</p> <p><u>Completed</u></p>	Put on hold to be implemented as part of 'Sharepoint' solution under a consolidated project site. This solution became available in December 2017 and this item now being progressed. <u>Completed</u>
Business Continuity Management Review (3.2.3)	<p><b>IT DRP Testing</b> Management to implement the following:</p> <ul style="list-style-type: none"> <li>Formalize the test strategy, plan and result for IT DRP testing conducted</li> </ul> <p>Minimum testing requirements should include, but not be limited to:</p>	Manager Corporate Strategy and Systems	<p>December 2015</p> <p>July 2016</p>	In progress	The BCP has been developed and tested. On the 28th of February 2017 the plan was tested for a second time and



	<ul style="list-style-type: none"> <li>- Communication plans,</li> <li>- alternate site activation</li> <li>- Date backup and recovery</li> <li>- Physical and computer security; and</li> <li>- Recovery of critical business functions</li> <li>• Test to involve business users to conduct the business testing</li> <li>• Prepare test schedules for the DRP tests;</li> <li>• Conduct a test de brief, document issue log and lesson learned;</li> <li>• The City is also to provide test results on an annual basis and these are to be reported to responsible senior management and the board of directors or its responsible committee</li> </ul>		<p><del>December 2018</del>  <a href="#">March 2019</a></p>		<p>minor amendments were made to the plan.          We are currently reviewing the potential of a secondary data centre for storage of the City’s backups, the chosen data centre will require the capacity and security to enable the City to go to full production in the event of a catastrophic shutdown of the primary service operating in Malaga.  <a href="#">We are currently reviewing the processes involved in order to carry out another test of the DR plan.</a>  <a href="#">Progressing well – on track</a></p>
IT General Controls	<b>Formalisation of IT strategic plan</b>	Manager Corporate	March-2016		We are currently developing a Digital

(3.3.1)	<p>With the current changes to the IT infrastructure, a documented IT strategic plan is crucial to ensure that business strategy and IT decisions are evaluated against the IT strategy to ensure alignment. The plan should be formalised, approved and signed off by management as soon as practicable.</p>	<p>Strategy &amp; Systems</p>	<p>July 2016  December 2018</p>	<p>In progress</p>	<p>Strategy, the intention of this strategy is to describe a vision for the City in the way that it will conduct its business and to document the diverse and complex systems used in daily operations, and to identify the relationships between systems if at all, the age and life cycle, this in turn will help us to better priorities, budget and manage the purchase of hardware and software systems in the future. <u><a href="#">The IT strategic plan will be formulated off the back of the corporate strategy currently being developed.</a></u></p>
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					<u>In progress but has been delayed due to the recent departure of the Manager IT</u>
IT General Controls (4.1) <i>(Improvement Opportunity)</i>	<p><b>Backup and restoration testing</b></p> <p>Review the tapes backup process and determine whether this is still necessary with the online replication of data from production server at Malaga Data Centre to backup server at the Depot.</p> <p>If tape backup is still necessary, we recommend that management periodically restore the data from backup tapes to ensure that data could be restored successfully in the event of errors or system failure.</p> <p>To be undertaken as part of the finalisation of disaster recovery plan and documentation.</p>	Manager Corporate Strategy & Systems	<p><del>December 2015</del></p> <p><del>December 2018</del></p> <p><u>March 2019</u></p>	In progress	<p>The City is currently replicating 4.1 TB of core serves information, this includes, Mail, SharePoint, Authority, Associated databases, Active directory and Trim. Daily replication is currently 76GB at 3 hourly intervals and a snapshot every 7 days. Daily, Weekly and Monthly Backups are also take and test for integrity. We are currently seeking a secondary Data Centre that can be used for the soring of backups and full replication in the event of the Primary Data Center failing,</p>

					<p>this work will assist in finalising a disaster recovery plan and associated documents.</p> <p><u>The backup and recovery processes are currently being reviewed. The resulting backup processes and procedures will be tested in line with the Business Continuity requirements.</u></p> <p><u>Progressing well – on track</u></p>
<p>IT General Controls (4.2) <i>(Improvement Opportunity)</i></p>	<p><b>Change Management Procedures</b> Develop a formal change request form with the appropriate sign-off to ensure that sufficient permission is sought, rollback plan and documentation is maintained when changes are made to IT infrastructure, system and applications.</p>	<p>Manager Corporate Strategy &amp; Systems</p>	<p><del>December 2015</del></p> <p><del>December 2018</del></p>	<p><del>In progress</del> <b>Completed</b></p>	<p>An electronic request form with associated work flows should be developed in SharePoint, Council's Core Information System. Further Exploration and understanding of the Documentation is required to enable practical solution.</p>

					<u>This policy has been developed and is awaiting approval by the Executive.</u> <b>Completed</b>
Purchasing Card and Credit Card Control Self-Assessment (4)	<b>Formalise credit card financial delegations and update procedure</b> A delegation process for use of Credit cards belonging to a different card holder to be investigated and implemented.	Finance Manager	December 2016  April 2018  <u>September 2018</u>  <u>December 2018</u>	In-progress  <u>Completed</u>  In Progress	<u>Policy and Project Officer to develop and implement new process within Credit Card Procedure</u> <u>With the change in the purchasing and credit card expense management system, new procedures are being drawn up, to be reviewed by the Governance Officer and will be completed by September 2018</u>  <u>Arising from the review by the Governance Officer, we recommend that instead of using a delegation process, a better control</u>



					<u>would be an application by the card-user to and approval by the cardholder for each transaction undertaken by the card-user. This procedure will be drawn up and completed by December 2018</u>
Purchasing Card and Credit Card Control Self-Assessment (5)	<b>Include card cancellation process in the procedure</b> Add card cancellation process to credit card procedure.	Finance Manager	<del>December 2016</del> <u>April September 2018</u>	<del>In-progress</del> Completed	<del>Updates developed but not approved by Executive Team for implementation. To be followed up. With the change in the purchasing and credit card expense management system, new procedures are being drawn up, to be reviewed by the Governance Officer and will be completed by September 2018</del>

					Card cancellation process has been included in the procedure.
Fraud Management Control Self-Assessment (1)	<b>Fraud management policy and procedures</b> Create a formal fraud management policy and procedure based on relevant industry standards (such as AS8001-2008) to include detection, reporting, investigation and management of fraud.	Finance Manager	<del>December 2016</del>  <del>June</del> <u>December</u> 2018	In progress	Policy has been Drafted, <u>awaiting review by the Governance Officer</u> and will be completed by <u>June/December 2018</u>
Accounts Receivable Control Self-Assessment (1)	<b>Accounts Receivable Policy and Procedures</b> Develop Accounts Receivable policy and update current procedures	Finance Manager	<del>July 2018</del>  <del>April</del> <u>December</u> 2018	In progress	Policy <del>being</del> <u>has been drafted, awaiting review by the Governance Officer</u> <del>drafted</del> and <u>will to</u> be completed by <u>April/December 2018</u>
Accounts Receivable Control Self-Assessment (3)	<b>Excessive Number of Users with Access to Accounts Receivable Modules</b> Review current user access and allocate relevant and appropriate access for staff based on roles and responsibilities.	Finance Manager	<u>December 2018</u>	In progress	The IT department in conjunction with the Finance team are in the process of identifying the appropriate user access on completion of this

					task. The IT department <u>will liaise has engaged</u> with Civica the product vendor to have the appropriate changes made to user access.
Payroll Review (3)	<p><b>Review, update and implement documented payroll policy and procedures</b></p> <p>Develop and document the Payroll Policy and further update the procedures to including:</p> <ul style="list-style-type: none"> <li>-Changes to payroll data</li> <li>- Tax file number declarations</li> <li>- Termination payments</li> <li>- Fortnightly payroll processing</li> <li>- Terminating employees payroll processing</li> <li>- Payroll month end reporting</li> </ul>	Manager Finance	<p>November 2017</p> <p><del>June</del> 2018</p>	In progress	Payroll procedure updated. Policy <u>is being drafted and will be reviewed by the Governance Officer</u> , to be completed by <u>June-December 2018</u>
Payroll Review (4)	<p><b>Improve leave processing process</b></p> <p>Consider during phase 2 of sharepoint project to fix issues including – rejected leave requests do not update the employees leave records accurately unless a new leave request is processed</p>	Manager Human Resources	Late 2018		
Financial Applications Control (1)	<p><b>Improve application governance and management</b></p>	Manager Corporate and Strategy	<p>June 2018</p> <p><u>August 2018</u></p>	<p>In progress</p> <p><u>Completed</u></p>	City is in the process of reviewing 24 draft policies (8 active)





	Develop policies and procedures to support the management and governance of the authority application that include information security, data management, IT asset management, IT risk management and change management				and procedures for Information Technology and Information Management. <u>Review completed - a number of policies have been consolidated.</u> <u>Awaiting approval by Executive.</u> <b>Completed</b>
Financial Applications Control (2)	<b>Improve application contract management</b> Authority (Civica) service level agreement is out of date and does not include any reference to confidentiality and / or security requirements	Manager Corporate and Strategy	<del>June 2018</del> <u>June 2019</u>	In progress	City has already commenced discussions with Civica to develop new Service Level Agreement and City has a system health check planned. <u>This will be addressed as part of the upgrade to the latest version of Authority.</u>
Financial Applications Control (3)	<b>Improve application security management</b> Authority (Civica) password policies be implemented with access managed, monitored and reviewed to ensure only	Manager Corporate and Strategy	<del>June 2018</del> <u>December 2018</u>	In progress	Further investigation by the IT and Finance department and Civica to see if further



	authorized individuals are granted access based on business need.				improvements can be made to the Authority product. <u>Project to review and update Roles &amp; Responsibilities in Authority under way. Security levels are in scope of this project. Project progressing well – on track to complete project by Dec 2018</u>
Financial Applications Control (4)	<b>Improve disaster recovery, back-up and recovery process</b> Develop a Disaster Recovery Plan or backup policy and procedures to ensure recovery of information assets to deliver normal business services.	Manager Corporate and Strategy	<del>June 2018</del> <u>March 2019</u>		A Policy and procedure review is currently being conducted. See Business Continuity Management Review (3.2.1), (3.2.3), IT General Controls (4.1). <u>Disaster recovery and backups are currently being reviewed and policies and procedures being formulated.</u>

Financial Applications Control (4)	<p><b>Improve application controls</b>          Implement data verification and input controls to Authority system, with automated transactional calculations and reconciliation where possible.</p>	Manager Corporate and Strategy & Manger Finance	<del>June 2018</del> <a href="#">June 2019</a>	City is engaging to with Civica to review. Hall booking system currently being explored will assist with reduction in manual calculation of frees and charges. <a href="#">This is being reviewed in light of the upgrade to the latest version of Authority.</a>
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Note: A number of target dates have been extended from what was originally documented by auditors so that the activities align with various other associated business activities, and to accommodate staff changes and legislation requirements.

## 7.2 Annual Financial Statements for year ended 30 June 2018

<b>Owner</b>	City of Nedlands
<b>Officer</b>	Vanaja Jayaraman – Manager Financial Services
<b>Director</b>	Lorraine Driscoll – Director Corporate & Strategy
<b>Disclosure of Interest</b>	No officer involved in the preparation of this report had any interest which required it to be declared in accordance with the provisions of the Local Government Act (1995).
<b>Attachments</b>	1. Draft 2017 – 2018 Annual Financial Report ; 2. Audit Representation Letter; and 3. Audit Completion Report by Macri Partners.

### Executive Summary

The Annual Financial Report for the year ended 30 June 2018, including the Audit Representation Letter and the Audit Completion Report by Macri Partners, is presented to the Audit & Risk Committee for its review. The Committee is requested to recommend to Council that it be received, and be included as part of the City's Annual Report for discussion at the Annual Electors' Meeting.

### Recommendation to Committee

**Council accepts the Financial Report for the City of Nedlands for the year ended 30 June 2018 comprising the Financial Report and the Independent Auditor's Report**

### Discussion/Overview

#### Background

*Section 5.53 of the Local Government Act 1995* requires a Local Government to prepare an Annual Report for each financial year. The Annual Report is to contain a report from the Mayor, a report from the Chief Executive Officer, the Financial Report for the Financial Year, the Auditor's Report for the Financial Year, a number of other matters in relation to principal activities and such other information as may be prescribed.

Once received Council is then required by *Section 5.27 of the Local Government Act 1995* to hold a General Meeting of Electors once every financial year to discuss the contents of the Annual Report for the previous financial year and any other general business.

## Proposal Detail

Attached is the Financial Report for the year ended 30 June 2018 including the Independent Auditor's Report.

The Financial Report comprising the Annual Financial Statements for the year ended 30 June 2018 was completed and submitted to Council's Auditor Macri Partners who completed their audit in October 2018.

## Consultation

Required by legislation:

Yes

No

Required by City of Nedlands policy:

Yes

No

## Legislation

*Sections 5.27, 5.29, 5.53, 5.54 and 6.4 of the Local Government Act 1995* respectively deal with the requirement for a General Meeting of Electors each financial year and the requirement for an Annual Financial Report.

## Budget/Financial Implications

### Financial Performance

The City completed the 2017/18 financial year with a surplus net result in the Statement of Comprehensive Income of \$2,201,756 compared to the adopted budget deficit of \$264,279. The Statement of Comprehensive Income includes all operating revenues and expenses, both cash and non-cash and grants & contributions. In terms of setting its rates Council does not budget to raise rates to recover the non-cash costs of depreciation but does budget to generate sufficient operating revenue to fund its capital works program and financing activities. Any shortfall is covered by borrowings and/or transfers from reserves.

Key factors contributing to the variances by Nature or Type between actual and adopted budget are provided in this report.

The significant reasons for the variances are:

1. Operating revenue for the year was \$32,635,622 compared to the budget of \$31,752,578, which represents an increase of \$833,044 (2.78%).
2. Rates levied were \$55,481 (0.25%) higher than budget due to a small increase of 18 properties.
3. Operating Grants & Contributions received was \$412,693 (25.21%) higher than budget. This was mainly due to the receipt of \$395,032 operating grants for 2018/19 which was received in advance in this financial year and therefore recorded as income in 2017/18.

4. Fees and Charges raised were higher than budget by \$132,716 (1.95%). The higher income was due to increased course fees, facility charges and extra revenue on infrastructure services for the Montario Quarter subdivision supervision fees.
5. Interest income from investments were higher by \$26,728 (4.80%) than budget due to improved cashflow management during the year.
6. Other Revenue was higher than the budget by \$255,426 (80.50%). This was largely due to the WESROC Project expenses of \$127,672 incurred in 2016/17, which was invoiced to the member councils in 2017/18 financial year. The Hollywood parking contract was extended and we received income of \$86k versus a nil budget.

### **Operating Expenses**

1. Operating expenses for the year were \$35,537,511 compared to the budget of \$38,449,616, a decrease of \$2,912,105 (7.57%).
2. Employee costs was lower by \$244,404 (1.86%) compared to the budget. This is mainly due to increased cost control measures by management and delay in replacing staff who resigned.
3. Materials and Contracts costs decreased by \$1,329,829 (8.46%) compared to the budget. This is due to the deferment of some operating projects due to factors outside the City's control and savings due to constant monitoring of expenses.
4. Utility charges increased by \$106,469 or (17.49%) due to a higher than expected increase in charges and some electricity invoices for the 2016/17 financial year received after audit completion date and therefore accounted in the 2017/18 financial year.
5. Other Expenditure decreased by \$206,119 (21.44%). This was due partly to reduced grants provided by Council.

### **Capital Works**

During the financial year the City spent \$10,763,771 in carrying out its Capital Works program of which \$9,212,125 was spent on improving infrastructure assets – roads, footpaths, drainage, parks and gardens and \$1,551,646 was spent on upgrading and renovating the City's buildings and purchase of plant and equipment.

The 2017/18 capital budget was \$15,778,700, of which \$13,497,940, was for improving infrastructure assets and \$2,280,760 was for upgrading and renovating the City's buildings and purchase of plant and equipment. However, a number of infrastructure projects were not completed during the year and are carried forward to the 2018/19 financial year and have been re-budgeted in the 2018/19 Budget adopted in June 2018, which include the following:

<b>Projects</b>	<b>Amount (\$)</b>
Stirling Highway	260,600
Carrington Street	260,000

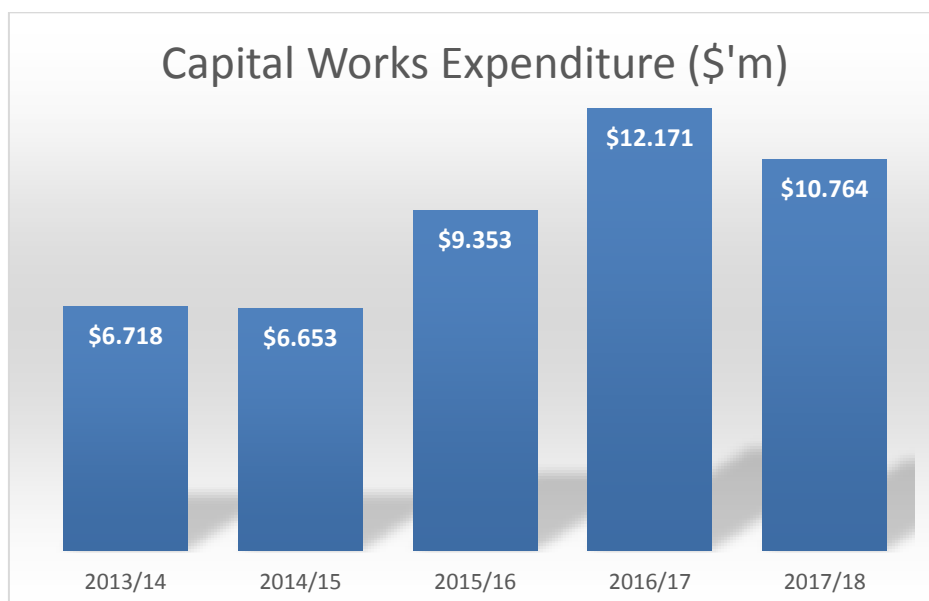
<b>Projects</b>	<b>Amount (\$)</b>
Broome Street Depot	143,000
Asquith Reserve	278,200
College Park	468,000
Riverwall Restoration	500,800

The following projects were not carried out due to change in external factors:

<b>Projects</b>	<b>Amount (\$)</b>
Allen Park	255,600
Beaton Park	900,000
David Cruickshank	299,000

Of the total funds expended on capital works, \$2,609,259 were from grants and contributions and the balance was made up of operating surplus, transfers from reserves and sale of plant.

The values of capital works completed in each of the past 5 years is shown in the following chart. It is to be noted that the major projects contributing to the high value of capital works in 2017/18 was due to All Abilities Play Space, Road works at Birkdale Street, Browne Street, Shann Street, Brockway Road and Brockway/Brookdale, whilst in 2016/17 it was due to All Abilities Play Space, Allen Park Lower Pavilion Renovations and Road Rehabilitation works at Gallop Road, Boronia Avenue, Leon Road and Princess Road.



## **Cash and Cash Equivalents**

The cash and cash equivalent balance at 30 June 2018 was \$11,135,046 compared to \$11,020,622, a slight increase of \$114,424 (1.04%). Reserves included in this balance amounted to \$6,037,349 or 54.21% of the total.

## **Receivables**

The decrease in Receivables in 2017/18 of \$142,097 compared to the previous year was mainly due to the improved collection efforts. As a %, the rates and sundry debtors outstanding compared to rates, and fees and charges revenue for this financial year is 1.56% compared to 2.76% for the previous financial year.

One of the risk factors evaluated in the Notes to the Accounts (Note 4) is receivables – the risk that the debts may not be collected by the City. Credit risk on rates and annual charges is minimal as they are charges on the associated properties, and the City has the ability to recover these debts from the sale of the properties if necessary.

## **Payables**

The decrease in payables of \$647,734 was as a result of overall lower capital and materials and contracts expenditure during the year compared to the last financial year.

## **Borrowings**

The City had additional long term borrowing of \$3,233,761 and short term borrowings of \$1,652,524 for the underground power project. However, the City managed to finance all capital works without having to borrow the \$1 M budgeted for that purpose. As at 30 June 2018, the City had total borrowings of \$9,998,674 after principal repayment of \$1,135,626 compare to 2016/17 total borrowings of \$6,248,015.

## **Provisions**

The leave provision showed a decrease of \$112,264 due to better management of annual leave and long service leave.

## **Financial Performance Indicators**

The Financial Ratios in Note 33 to the accounts give an overview of the financial performance of the City in 2017/18 compared with the previous two years. All the ratios except for the Asset Consumption ratio are within recommended standard benchmarks set by the Department of Local Government.



Ratio	Target	2018	2017	2016
Liquidity - Current Ratio	>1.00	0.85	1.31	2.00
Debt Ratio - Debt Service Cover Ratio	>2.00	1.83	6.44	5.94
Coverage Ratio - Own Source Revenue Coverage	>40%	84%	94%	92%
Financial Performance - Operating Surplus	>1%	-12%	2%	-3%
Asset Management Ratios - Asset Sustainability Ratio	>50%	145%	165%	129%
Asset Consumption Ratio	90-110%	57%	67%	59%
Asset Renewal Funding Ratio	75-95%	86%	88%	86%

The current ratio is below the target of >1.00 as the City has taken short term borrowings of \$1,652,524 for the owners' portion of the Underground Power Project which was subsequently paid in October, to be replaced by a long term borrowing.

The Asset Consumption Ratio is lower than target due to the aging nature of the City's assets which is being addressed by planned increase in capital expenditure in the coming years.

The current ratio, debt ratio and operating surplus ratio were distorted by the early receipt of Financial Assistance Grants.

The debt ratio and the financial performance ratio are below the respective targets, and the coverage ratio is distorted, by the spend on the Underground Power Project of \$4.5m, and impairment loss of infrastructure assets of \$1,232,307 through profit or loss.

If the above events did not occur, the impacted ratios would be as follows:

Ratio	Target	2018	2017	2016
Liquidity - Current Ratio	>1.00	1.02	1.27	N/A
Debt Ratio - Debt Service Cover Ratio	>2.00	5.89	6.12	6.30
Coverage Ratio - Own Source Revenue Coverage Ratio	>40%	100%	N/A	N/A
Financial Performance - Operating Surplus Ratio	>1%	7%	1%	-2%

### Audit Report

The City's Auditor, Macri Partners, have completed the audit of the Annual Financial Statements in line with current Australian Standards and have stated that they will give an Unqualified Opinion following the meeting with the Audit and Risk Committee.

**Risk Management**

Not applicable.

**Conclusion**

That the Committee recommends to Council the acceptance of the Financial Report for the City of Nedlands for the year ended 30 June 2018 comprising the Financial Report and the Auditor's Report.

**CITY OF NEDLANDS**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

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**COMMUNITY VISION**

Our City will be an environmentally-sensitive beautiful and inclusive place.

Principal place of business:  
71 Stirling Highway  
Nedlands WA 6009

**CITY OF NEDLANDS  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the City of Nedlands being the annual financial report and supporting notes and other information for the financial year ended 30th June 2018 are in my opinion properly drawn up to present fairly the financial position of the City of Nedlands at 30th June 2018 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and the regulations under that Act and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed as authorisation of issue on the 5th of November 2018.

---

Greg Trevaskis  
Chief Executive Officer

**STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>				
Rates	26(a)	22,492,209	22,436,728	22,045,424
Operating grants, subsidies and contributions	2(a)	2,049,363	1,636,670	2,448,794
Fees and charges	2(a)	6,937,496	6,804,780	7,059,374
Interest earnings	2(a)	583,828	557,100	608,657
Other revenue		572,726	317,300	513,975
		<u>32,635,622</u>	<u>31,752,578</u>	<u>32,676,224</u>
<b>Expenses</b>				
Employee costs		(12,896,982)	(13,141,386)	(13,204,036)
Materials and contracts		(14,380,196)	(15,710,025)	(9,374,476)
Utility charges		(936,522)	(797,100)	(884,569)
Depreciation on non-current assets	10(b)	(5,988,203)	(7,251,700)	(7,029,311)
Interest expenses	2(b)	(275,890)	(289,005)	(284,824)
Insurance expenses		(304,537)	(299,100)	(357,782)
Other expenditure		(755,181)	(961,300)	(893,347)
		<u>(35,537,511)</u>	<u>(38,449,616)</u>	<u>(32,028,345)</u>
		(2,901,889)	(6,697,038)	647,879
Non-operating grants, subsidies and contributions	2(a)	2,609,259	4,594,960	2,204,087
Profit on asset disposals	10(a)	495,645	30,100	37,662
(Loss) on asset disposals	10(a)	(40,325)	(29,900)	(113,700)
Provision for impairment of other financial assets	7	(11,942)	0	0
(Loss) on revaluation of Infrastructure - Parks, Gardens and Reserves	9(b)	(1,232,307)	0	0
<b>Net result</b>		<u>(1,081,559)</u>	<u>(2,101,878)</u>	<u>2,775,928</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	(54,450,333)	0	284,069,059
<b>Total other comprehensive income</b>		<u>(54,450,333)</u>	<u>0</u>	<u>284,069,059</u>
<b>Total comprehensive income</b>		<u>(55,531,892)</u>	<u>(2,101,878)</u>	<u>286,844,987</u>

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

**STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>				
	2(a)			
Governance		378,143	221,000	351,658
General purpose funding		23,931,487	23,500,298	23,887,159
Law, order, public safety		508,334	483,000	495,277
Health		90,478	73,500	120,374
Education and welfare		1,784,314	1,762,700	1,783,902
Community amenities		3,644,722	3,755,600	3,790,379
Recreation and culture		975,496	725,700	809,780
Transport		167,912	132,900	197,580
Economic services		1,007,763	1,017,780	1,160,557
Other property and services		146,973	80,100	79,559
		<u>32,635,622</u>	<u>31,752,578</u>	<u>32,676,225</u>
<b>Expenses</b>				
	2(a)			
Governance		(2,230,140)	(2,875,570)	(3,036,395)
General purpose funding		(384,077)	(353,657)	(369,171)
Law, order, public safety		(1,019,920)	(1,034,832)	(949,178)
Health		(692,569)	(767,375)	(680,146)
Education and welfare		(2,330,690)	(2,561,724)	(2,370,736)
Community amenities		(4,339,304)	(4,780,262)	(4,647,897)
Recreation and culture		(8,455,732)	(8,716,907)	(8,084,114)
Transport		(6,110,814)	(5,422,300)	(5,352,694)
Economic services		(4,911,487)	(6,209,914)	(5,891,945)
Other property and services		(4,786,889)	(5,438,071)	(361,247)
		<u>(35,261,622)</u>	<u>(38,160,612)</u>	<u>(31,743,523)</u>
<b>Finance Costs</b>				
	2(a)			
General purpose funding		(269,440)	(282,554)	(274,227)
Community amenities		(6,450)	(6,450)	(10,597)
		<u>(275,890)</u>	<u>(289,004)</u>	<u>(284,824)</u>
		<u>(2,901,890)</u>	<u>(6,697,038)</u>	<u>647,878</u>
Non-operating grants, subsidies and contributions	2(a)	2,609,259	4,594,960	2,204,087
Profit on disposal of assets	10(a)	495,645	30,100	37,662
(Loss) on disposal of assets	10(a)	(40,325)	(29,900)	(113,700)
Provision for impairment of other financial assets	7	(11,942)	0	0
(Loss) on revaluation of Infrastructure - Parks, Gardens and Reserves	9(b)	(1,232,307)	0	0
		<u>1,820,331</u>	<u>4,595,160</u>	<u>2,128,049</u>
		<u>(1,081,559)</u>	<u>(2,101,878)</u>	<u>2,775,928</u>
<b>Net result</b>				
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	(54,450,333)	0	284,069,059
<b>Total other comprehensive income</b>		<u>(54,450,333)</u>	<u>0</u>	<u>284,069,059</u>
<b>Total comprehensive income</b>		<u>(55,531,892)</u>	<u>(2,101,878)</u>	<u>286,844,987</u>

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

**STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2018**

	NOTE	2018	2017
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	11,135,046	11,020,622
Trade and other receivables	5	1,199,152	1,350,282
Inventories	6	31,937	14,232
<b>TOTAL CURRENT ASSETS</b>		<b>12,366,135</b>	<b>12,385,136</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	5	540,167	531,134
Other financial assets	7	123,734	135,676
Property, plant and equipment	8	345,708,041	347,422,769
Infrastructure	9	82,571,683	133,376,277
<b>TOTAL NON-CURRENT ASSETS</b>		<b>428,943,625</b>	<b>481,465,856</b>
<b>TOTAL ASSETS</b>		<b>441,309,760</b>	<b>493,850,992</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	2,086,520	2,734,254
Short term borrowings	13	1,652,524	0
Current portion of long term borrowings	14(a)	1,597,168	983,843
Provisions	15	2,027,291	2,152,832
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,363,503</b>	<b>5,870,929</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	14(a)	6,748,982	5,264,174
Provisions	15	337,618	324,341
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>7,086,600</b>	<b>5,588,515</b>
<b>TOTAL LIABILITIES</b>		<b>14,450,103</b>	<b>11,459,444</b>
<b>NET ASSETS</b>		<b>426,859,657</b>	<b>482,391,548</b>
<b>EQUITY</b>			
Retained surplus		67,275,653	69,877,933
Reserves - cash backed	4	6,037,350	4,516,629
Revaluation surplus	11	353,546,653	407,996,986
<b>TOTAL EQUITY</b>		<b>426,859,656</b>	<b>482,391,548</b>

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2018**

		<b>RESERVES</b>			
	<b>NOTE</b>	<b>RETAINED SURPLUS</b>	<b>CASH BACKED</b>	<b>REVALUATION SURPLUS</b>	<b>TOTAL EQUITY</b>
		\$	\$	\$	\$
<b>Balance as at 1 July 2016</b>		<b>67,624,740</b>	<b>3,993,894</b>	<b>123,927,927</b>	<b>195,546,561</b>
Comprehensive income					
Net result		2,775,928	0	0	2,775,928
Changes on revaluation of assets	11	0	0	284,069,059	284,069,059
Total comprehensive income		2,775,928	0	284,069,059	286,844,987
Transfers from/(to) reserves		(522,735)	522,735	0	0
<b>Balance as at 30 June 2017</b>		<b>69,877,933</b>	<b>4,516,629</b>	<b>407,996,986</b>	<b>482,391,548</b>
Comprehensive income					
Net result		(1,081,559)	0	0	(1,081,559)
Changes on revaluation of assets	11	0	0	(54,450,333)	(54,450,333)
Total comprehensive income		(1,081,559)	0	(54,450,333)	(55,531,892)
Transfers from/(to) reserves		(1,520,721)	1,520,721	0	0
<b>Balance as at 30 June 2018</b>		<b>67,275,653</b>	<b>6,037,350</b>	<b>353,546,653</b>	<b>426,859,656</b>

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



**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		22,520,373	22,636,728	21,777,719
Operating grants, subsidies and contributions		2,128,475	1,653,670	2,502,364
Fees and charges		6,937,497	6,804,780	7,059,374
Interest earnings		583,828	557,100	608,657
Goods and services tax		0	0	2,073,419
Other revenue		572,725	317,300	513,975
		<u>32,742,898</u>	<u>31,969,578</u>	<u>34,535,508</u>
<b>Payments</b>				
Employee costs		(12,792,287)	(13,141,386)	(12,987,387)
Materials and contracts		(15,270,655)	(15,710,025)	(8,946,772)
Utility charges		(936,522)	(797,100)	(884,569)
Interest expenses		(267,831)	(289,005)	(290,521)
Insurance expenses		(304,537)	(299,100)	(357,782)
Goods and services tax		18,855	(311,755)	(2,055,089)
Other expenditure		(767,123)	(961,300)	(893,347)
		<u>(30,320,100)</u>	<u>(31,509,671)</u>	<u>(26,415,467)</u>
<b>Net cash provided by (used in) operating activities</b>	16	<u>2,422,798</u>	<u>459,907</u>	<u>8,120,041</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(1,551,646)	(2,280,760)	(3,225,979)
Payments for construction of infrastructure		(9,212,125)	(13,497,940)	(8,944,870)
Non-operating grants, subsidies and contributions		2,609,259	4,594,960	2,204,087
Proceeds from sale of fixed assets		2,067,571	607,000	592,067
<b>Net cash provided by (used in) investment activities</b>		<u>(6,074,999)</u>	<u>(10,576,740)</u>	<u>(9,374,695)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of long term borrowings		(1,135,626)	(983,843)	(939,810)
Proceeds from self supporting loans		15,966	12,821	9,290
Proceeds from short term borrowings		1,652,524		
Proceeds from new long term borrowings		3,233,761	7,200,000	0
<b>Net cash provided by (used in) financing activities</b>		<u>3,766,625</u>	<u>6,228,978</u>	<u>(930,520)</u>
<b>Net increase (decrease) in cash held</b>		114,424	(3,887,855)	(2,185,174)
Cash at beginning of year		11,020,622	11,653,893	13,205,796
<b>Cash and cash equivalents at the end of the year</b>	16	<u><u>11,135,046</u></u>	<u><u>7,766,038</u></u>	<u><u>11,020,622</u></u>

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

**RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>				
		2,965,451	3,823,821	6,100,933
		2,965,451	3,823,821	6,100,933
<b>Revenue from operating activities (excluding rates)</b>				
Governance		831,052	221,000	351,658
General purpose funding		1,439,278	1,063,570	1,841,735
Law, order, public safety		508,334	483,000	495,277
Health		90,478	73,500	120,374
Education and welfare		1,788,496	1,762,700	1,783,902
Community amenities		3,647,290	3,755,600	3,790,379
Recreation and culture		979,132	725,700	809,780
Transport		167,912	132,900	197,580
Economic services		1,012,672	1,017,780	1,160,557
Other property and services		174,418	110,200	117,221
		10,639,062	9,345,950	10,668,463
<b>Expenditure from operating activities</b>				
Governance		(2,242,082)	(2,875,570)	(3,036,395)
General purpose funding		(653,517)	(636,211)	(643,398)
Law, order, public safety		(1,019,920)	(1,034,832)	(949,178)
Health		(692,569)	(767,375)	(680,146)
Education and welfare		(2,330,690)	(2,561,724)	(2,370,736)
Community amenities		(4,345,754)	(4,786,712)	(4,658,494)
Recreation and culture		(8,456,005)	(8,717,307)	(8,100,264)
Transport		(6,120,431)	(5,422,300)	(5,352,694)
Economic services		(4,911,487)	(6,209,914)	(5,891,945)
Other property and services		(6,049,631)	(5,467,571)	(458,797)
		(36,822,086)	(38,479,517)	(32,142,047)
<b>Operating activities excluded</b>				
(Profit) on disposal of assets	10(a)	(495,645)	(30,100)	(37,662)
Loss on disposal of assets	10(a)	40,325	29,900	113,700
Loss on revaluation of fixed assets	9(b)	1,232,307	0	0
Provision for impairment of other financial asset	7	11,942	0	0
Movement in deferred pensioner rates (non-current)		(22,252)	0	(54,895)
Movement in employee benefit provisions (non-current)		13,277	15,000	70,174
Depreciation and amortisation on assets	10(b)	5,988,203	7,251,700	7,029,311
<b>Amount attributable to operating activities</b>		(16,449,416)	(18,043,246)	(8,252,022)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		2,609,259	4,594,960	2,204,087
Proceeds from disposal of assets	10(a)	2,067,571	607,000	592,067
Purchase of property, plant and equipment	8(b)	(1,551,646)	(2,280,760)	(3,225,979)
Purchase and construction of infrastructure	9(b)	(9,212,125)	(13,497,940)	(8,944,870)
<b>Amount attributable to investing activities</b>		(6,086,941)	(10,576,740)	(9,374,695)
<b>FINANCING ACTIVITIES</b>				
Repayment of long term borrowings	14(a)	(1,135,626)	(983,843)	(939,810)
Proceeds from new long term borrowings	14(b)	3,233,761	7,200,000	0
Proceeds from self supporting loans		15,966	12,821	9,290
Proceeds from short term borrowings	13	1,652,524	0	0
Transfers to reserves (restricted assets)	4	(2,725,085)	(2,092,298)	(522,735)
Transfers from reserves (restricted assets)	4	1,204,364	1,782,300	0
<b>Amount attributable to financing activities</b>		2,245,904	5,918,980	(1,453,255)
<b>Surplus(deficiency) before general rates</b>		(20,290,453)	(22,701,006)	(19,079,973)
<b>Total amount raised from general rates</b>	26	22,492,209	22,436,727	22,045,424
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	27	<b>2,201,756</b>	<b>(264,279)</b>	<b>2,965,451</b>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**1. BASIS OF PREPARATION**

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

**CRITICAL ACCOUNTING ESTIMATES**

The preparation of a financial report in conformity with 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.

**CRITICAL ACCOUNTING ESTIMATES (Continued)**

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

**THE LOCAL GOVERNMENT REPORTING ENTITY**

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 29 to these financial statements.

**2. REVENUE AND EXPENSES**

**(a) Revenue**

**Fees and Charges**

Governance  
General purpose funding  
Law, order, public safety  
Health  
Education and welfare  
Community amenities  
Recreation and culture  
Transport  
Economic services  
Other property and services

	<b>2018 Actual</b>	<b>2017 Actual</b>
	\$	\$
	82,027	177,880
	121,899	5,156
	480,414	75,248
	89,783	116,821
	689,123	709,813
	3,647,287	3,790,180
	904,152	725,344
	69,676	477,157
	756,962	931,117
	96,173	50,658
	<b>6,937,496</b>	<b>7,059,374</b>

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

## 2. REVENUE AND EXPENSES (Continued)

### (a) Revenue (Continued)

#### Grant Revenue

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

	2018	2017
	\$	\$
<b>Operating grants, subsidies and contributions</b>		
Governance	3,816	4,865
General purpose funding	444,027	700,197
Law, order, public safety	27,420	27,631
Education and welfare	1,091,390	1,073,221
Community amenities	218	0
Recreation and culture	51,391	51,811
Transport	386,910	545,849
Economic services	44,191	45,220
	<b>2,049,363</b>	<b>2,448,794</b>
<b>Non-operating grants, subsidies and contributions</b>		
Recreation and culture	1,546,613	677,326
Transport	1,062,646	1,526,761
	<b>2,609,259</b>	<b>2,204,087</b>
<b>Total grants, subsidies and contributions</b>	<b>4,658,622</b>	<b>4,652,881</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Grants, Donations and Other Contributions

Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

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

##### Grants, Donations and Other Contributions (Continued)

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 25. 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 operations.

#### Interest earnings

- Loans receivable - clubs/institutions
- Reserve funds
- Other funds
- Other interest revenue (refer note 26(e))

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
	4,424	4,424	3,852
	104,928	87,100	103,049
	276,504	295,576	309,477
	197,972	170,000	192,279
	<b>583,828</b>	<b>557,100</b>	<b>608,657</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

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

**(b) Expenses**

**Auditors remuneration**

- Audit of the Annual Financial Report
- Audit of Projects

	2018	2017
	\$	\$
	19,500	23,140
	2,850	2,272
	<u>22,350</u>	<u>25,412</u>

**Interest expenses (finance costs)**

- Long term borrowings (refer Note 14(a) )
- Short term borrowing

	268,479	284,824
	7,411	0
	<u>275,890</u>	<u>284,824</u>

**Rental charges**

- Operating leases

	87,106	87,162
--	--------	--------

**3. CASH AND CASH EQUIVALENTS**

- Unrestricted
- Restricted

NOTE	2018	2017
	\$	\$
	5,013,276	6,318,193
	6,121,770	4,702,429
	<u>11,135,046</u>	<u>11,020,622</u>

The following restrictions have been imposed by regulations or other externally imposed requirements:

Reserves cash backed - Plant Replacement Reserve	4	0	150,197
Reserves cash backed - City Development Reserve	4	456,580	544,970
Reserves cash backed - North Street Reserve	4	765,463	747,733
Reserves cash backed - Welfare Reserve	4	479,887	485,554
Reserves cash backed - Service Reserve	4	202,591	1,107,960
Reserves cash backed - Insurance Reserve	4	62,547	61,266
Reserves cash backed - Waste Management Reserve	4	842,547	580,547
Reserves cash backed - Building Replacement Reserve	4	689,119	527,136
Reserves cash backed - Swanbourne Development Reserve	4	129,140	126,241
Reserves cash backed - Public Art Reserve	4	126,894	85,011
Reserves cash backed - Business System Reserve	4	102,229	100,013
Reserves cash backed - All Abilities Play Space	4	94,900	0
Reserves cash backed - Underground Power Projects	4	485,450	0
Reserves cash backed - Major Projects	4	1,600,000	0
Unspent grants	25	84,423	185,801
		<u>6,121,770</u>	<u>4,702,429</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk

**Cash and cash equivalents (Continued)**

of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

## SIGNIFICANT ACCOUNTING POLICIES

### Classification and subsequent measurement

(i) Financial assets at fair value through profit and loss  
Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

### (ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the City has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

### (iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

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

### Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

## SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Impairment (Continued)

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

### Initial recognition and measurement

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

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

### Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

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

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

### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the City no longer has any significant continual involvement in the risks and benefits associated with the asset.

4. RESERVES - CASH BACKED

	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual	2018 Budget Opening Balance	2018 Budget Transfer to	2018 Budget Transfer (from)	2018 Budget Closing Balance	2017 Actual Opening Balance	2017 Actual Transfer to	2017 Actual Transfer (from)	2017 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Reserves cash backed - Plant Replacement Reserve	150,197	3,140	(153,337)	0	150,043	1,300	(151,300)	43	146,543	3,654	0	150,197
Reserves cash backed - City Development Reserve	544,970	11,610	(100,000)	456,580	539,786	11,000	(300,000)	250,786	447,156	97,814	0	544,970
Reserves cash backed - North Street Reserve	747,733	17,730	0	765,463	746,348	1,500	(140,000)	607,848	728,048	19,685	0	747,733
Reserves cash backed - Welfare Reserve	485,554	15,361	(21,028)	479,887	486,139	11,000	(21,000)	476,139	469,039	16,515	0	485,554
Reserves cash backed - Service Reserve	1,107,960	24,631	(930,000)	202,591	1,106,515	27,700	(930,000)	204,215	1,078,565	29,395	0	1,107,960
Reserves cash backed - Insurance Reserve	61,266	1,281	0	62,547	61,270	1,500	0	62,770	59,720	1,546	0	61,266
Reserves cash backed - Waste Management Reserve	580,547	262,000	0	842,547	578,820	114,000	0	692,820	469,850	110,697	0	580,547
Reserves cash backed - Building Replacement Reserve	527,136	161,983	0	689,119	549,826	79,500	(240,000)	389,326	471,826	55,310	0	527,136
Reserves cash backed - Swanbourne Development Reserve	126,241	2,899	0	129,140	126,147	3,200	0	129,347	123,147	3,094	0	126,241
Reserves cash backed - Public Art Reserve	85,011	41,883	0	126,894	85,000	42,100	0	127,100	0	85,011	0	85,011
Reserves cash backed - Business System Reserve	100,013	2,216	0	102,229	100,000	6,300	0	106,300	0	100,013	0	100,013
Reserves cash backed - All Abilities Play Space	0	94,900	0	94,900	0	94,900	0	94,900	0	0	0	0
Reserves cash backed - Underground Power Projects	0	485,450	0	485,450	0	1,698,298	0	1,698,298	0	0	0	0
Reserves cash backed - Major Projects	0	1,600,000	0	1,600,000	0	0	0	0	0	0	0	0
	4,516,628	2,725,085	(1,204,364)	6,037,349	4,529,894	2,092,298	(1,782,300)	4,839,892	3,993,894	522,735	0	4,516,629

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

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

Name of Reserve	2017-18	Purpose of the reserve
Reserves cash backed - Plant Replacement Reserve	On-going	To fund replacement of plant and equipment so that the cost is spread over to a number of years.
Reserves cash backed - City Development Reserve	On-going	To fund improvement and purchase of property, plant and equipment.
Reserves cash backed - North Street Reserve	On-going	To fund operational and capital costs of community and recreational facilities at Mt Claremont and Swanbourne, and infrastructure generally.
Reserves cash backed - Welfare Reserve	On-going	To fund the operational and capital costs to welfare services.
Reserves cash backed - Service Reserve	On-going	To fund purchase of property, purchase of land and for parking areas, expense of streets depots, town planning schemes, valuation and legal cost legal cost, items of works of an urgent nature such as drainage.
Reserves cash backed - Insurance Reserve	On-going	To fund any excess that may arise from having a performance based workers compensation premium.
Reserves cash backed - Waste Management Reserve	On-going	To fund replacement of rubbish bin stock so that the cost is spread over number of years.
Reserves cash backed - Building Replacement Reserve	On-going	To fund the upgrade and/or replacement of council buildings.
Reserves cash backed - Swanbourne Development Reserve	On-going	To fund capital works in the Swanbourne area associated with the Swanbourne Masterplan. Set-up in with proceeds of the insurance claim arising from the fire of council property in Swanbourne
Reserves cash backed - Public Art Reserve	On-going	To fund works of art in the City of Nedlands.
Reserves cash backed - Business System Reserve	On-going	To fund council's business system.
Reserves cash backed - All Abilities Play Space	On-going	To fund the annual operating and maintenance cost of the All abilities Play Space
Reserves cash backed - Underground Power Projects	On-going	To fund Underground Power projects
Reserves cash backed - Major Projects	On-going	To fund capital works from proceeds from sale of major assets

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**5. TRADE AND OTHER RECEIVABLES**

**Current**

Rates outstanding
Sundry debtors
GST receivable
Self-supporting Loan Debtors
Prepayments
Provision for impairment in Receivables

	2018	2017
	\$	\$
351,530	401,946	
396,582	403,328	
256,674	275,529	
13,219	15,966	
186,333	254,683	
(5,186)	(1,170)	
<b>1,199,152</b>	<b>1,350,282</b>	
447,722	425,470	
92,445	105,664	
<b>540,167</b>	<b>531,134</b>	

**Non-current**

Rates outstanding - pensioners
Self-supporting Loan Debtors

Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

**Rates outstanding**

Includes:
Past due and not impaired
Impaired

**Sundry debtors**

Includes:
Past due and not impaired
Impaired

	2018	2017
	\$	\$
351,530	401,946	
0	0	
244,101	245,510	
5,186	1,170	

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other receivables**

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

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

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

**Classification and subsequent measurement**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.



## 6. INVENTORIES

### Current

Fuel & Oil

	2018	2017
	\$	\$
Fuel & Oil	31,937	14,232

### SIGNIFICANT ACCOUNTING POLICIES

#### General

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

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

## 7. OTHER FINANCIAL ASSETS

### Non-current

Interest in Local Government House Trust  
Provision for impairment

	2018	2017
	\$	\$
Interest in Local Government House Trust	135,676	135,676
Provision for impairment	(11,942)	0
	123,734	135,676

This represents the equity the City of Nedlands has in the Local Government House Trust as a consequence of a contribution towards the cost of purchasing Local Government House. The total contribution by all Councils towards the cost of the WALGA building was \$582,000 of which the City of Nedlands contributed \$8,000. There are 620 units in the Local Government House Trust, 8 of which are held by the City of Nedlands.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**8 (a). PROPERTY, PLANT AND EQUIPMENT**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Land and buildings		
Land - freehold land at:		
- Independent valuation 2017	137,993,000	139,147,000
Land - vested in and under the control of Council at:		
- Independent valuation 2017	167,231,000	167,231,000
<b>Total land</b>	<b>305,224,000</b>	<b>306,378,000</b>
Buildings - non-specialised at:		
- Independent valuation 2017	1,330,000	1,330,000
- Additions after valuation - cost	0	0
Less: accumulated depreciation	(47,696)	0
	1,282,304	1,330,000
Buildings - specialised at:		
- Independent valuation 2017	51,995,080	51,995,080
- Additions after valuation - cost	520,001	0
Less: accumulated depreciation	(16,879,542)	(16,100,460)
	35,635,539	35,894,620
<b>Total buildings</b>	<b>36,917,843</b>	<b>37,224,620</b>
<b>Total land and buildings</b>	<b>342,141,843</b>	<b>343,602,620</b>
Furniture and equipment at:		
- Management valuation 2016	5,186,217	5,186,217
- Additions after valuation - cost	215,386	144,142
Less: accumulated depreciation	(4,745,715)	(4,555,762)
	655,888	774,597
Plant and equipment at:		
- Management valuation 2016	7,570,025	7,570,025
- Additions after valuation - cost	316,310	195,243
Less: accumulated depreciation	(4,976,025)	(4,719,716)
	2,910,310	3,045,552
<b>Total property, plant and equipment</b>	<b>345,708,041</b>	<b>347,422,769</b>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non-specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	35,664,000	97,000	35,761,000	783,220	24,654,317	25,437,537	61,198,537	905,711	3,147,140	65,251,388
Additions	0	0	0	0	1,668,102	1,668,102	1,668,102	164,912	1,392,965	3,225,979
(Disposals)	0	0	0	0	0	0	0	0	(668,104)	(668,104)
Revaluation increments/ (decrements) transferred to revaluation surplus	103,483,000	167,134,000	270,617,000	619,345	12,832,714	13,452,059	284,069,059	0	0	284,069,059
Depreciation (expense)	0	0	0	(72,565)	(2,201,578)	(2,274,143)	(2,274,143)	(296,026)	(826,449)	(3,396,618)
Transfers	0	0	0	0	(1,058,935)	(1,058,935)	(1,058,935)	0	0	(1,058,935)
<b>Carrying amount at 30 June 2017</b>	139,147,000	167,231,000	306,378,000	1,330,000	35,894,620	37,224,620	343,602,620	774,597	3,045,552	347,422,769
Additions	0	0	0	0	520,001	520,001	520,001	130,296	901,349	1,551,646
(Disposals)	(1,154,000)	0	(1,154,000)	0	0	0	(1,154,000)	(14,617)	(443,633)	(1,612,250)
Depreciation (expense)	0	0	0	(47,696)	(779,082)	(826,778)	(826,778)	(234,388)	(592,958)	(1,654,124)
Transfers	0	0	0	0	0	0	0	0	0	0
<b>Carrying amount at 30 June 2018</b>	137,993,000	167,231,000	305,224,000	1,282,304	35,635,539	36,917,843	342,141,843	655,888	2,910,310	345,708,041

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

## 8. PROPERTY, PLANT AND EQUIPMENT (Continued)

### (c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>				
Land - freehold land	Level 2	Market Approach	Jun 2017	Sales evidence of similar assets
Land - freehold (unique)	Level 3	Cost Approach	Jun 2017	Estimates of replacement cost, residual value, Estimates of replacement cost, residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
Land - vested in and under the control of Council	Level 2	Cost Approach	Jun 2017	Estimates of replacement cost, residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
Buildings - non-specialised	Level 2	Market Approach	Jun 2017	Sales evidence of similar assets
Buildings - specialised	Level 3	Cost Approach	Jun 2017	Estimates of replacement cost, residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
<b>Furniture and equipment</b>	Level 2	Market Approach	Jun 2016	Make, size, year of manufacture and condition
<b>Plant and equipment</b>	Level 2	Market Approach	June 2016	Make, size, year of manufacture and condition

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**9 (a). INFRASTRUCTURE**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Infrastructure - Roads		
- Independent valuation 2018	77,639,315	0
- Independent valuation 2015	0	111,413,794
- Additions after valuation - cost	0	11,381,505
Less: accumulated depreciation	(33,969,540)	(42,908,040)
	<u>43,669,775</u>	<u>79,887,259</u>
Infrastructure - Drainage		
- Independent valuation 2018	27,404,144	0
- Independent valuation 2015	0	31,275,978
- Additions after valuation - cost	0	439,206
Less: accumulated depreciation	(13,946,627)	(7,915,707)
	<u>13,457,517</u>	<u>23,799,477</u>
Infrastructure - Footpath		
- Independent valuation 2018	19,435,555	0
- Independent valuation 2015	0	20,788,917
- Additions after valuation - cost	0	557,999
Less: accumulated depreciation	(8,227,649)	(4,581,656)
	<u>11,207,906</u>	<u>16,765,260</u>
Infrastructure - Parks, Gardens and Reserves		
- Independent valuation 2018	18,483,191	0
- Management valuation 2015	0	14,561,359
- Additions after valuation - cost	0	2,950,966
Less: accumulated depreciation	(6,441,524)	(5,784,941)
	<u>12,041,667</u>	<u>11,727,384</u>
Infrastructure - Street Furniture		
- Independent valuation 2018	3,374,189	0
- Management valuation 2015	0	1,752,857
- Additions after valuation - cost	0	70,147
Less: accumulated depreciation	(1,179,371)	(626,107)
	<u>2,194,818</u>	<u>1,196,897</u>
<b>Total infrastructure</b>	<u><b>82,571,683</b></u>	<u><b>133,376,277</b></u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

9. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Drainage	Infrastructure - Footpath	Infrastructure - Parks, Gardens & Reserves	Infrastructure - Street Furniture	Total Infrastructure
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	74,344,084	23,989,238	16,710,652	10,767,380	1,193,809	127,005,163
Additions	6,884,662	111,949	261,449	1,647,624	39,186	8,944,870
Depreciation (Expense)	(2,382,073)	(301,710)	(206,841)	(705,971)	(36,098)	(3,632,693)
Transfers	1,040,586	0	0	18,351	0	1,058,937
<b>Carrying amount at 30 June 2017</b>	79,887,259	23,799,477	16,765,260	11,727,384	1,196,897	133,376,277
Additions	3,290,581	152,484	2,113,179	3,393,884	261,997	9,212,125
Increments/(Decrements) Transferred to revaluation Surplus	(36,568,880)	(10,193,661)	(7,463,016)	(1,020,300)	795,524	(54,450,333)
Impairment (Losses) through profit or loss	0	0	0	(1,232,307)	0	(1,232,307)
Depreciation (Expense)	(2,939,185)	(300,783)	(207,517)	(826,994)	(59,600)	(4,334,079)
<b>Carrying amount at 30 June 2018</b>	43,669,775	13,457,517	11,207,906	12,041,667	2,194,818	82,571,683

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

9. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost Approach	June 2018	Estimates of replacement cost, residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
Infrastructure - Drainage	3	Cost Approach	June 2018	Estimates of replacement cost, residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
Infrastructure - Footpath	3	Cost Approach	June 2018	Estimates of replacement cost, residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
Infrastructure - Parks, Gardens & Reserves	3	Cost Approach	June 2018	Estimates of replacement cost, residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
Infrastructure - Street Furniture	3	Cost Approach	June 2018	Estimates of replacement cost, residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**10. FIXED ASSETS**

**SIGNIFICANT ACCOUNTING POLICIES**

**Fixed assets**

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

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

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

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

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

**Revaluation**

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

**Land under control**

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

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

**Land under roads**

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

**Capitalisation Threshold**

Expenditure on items of equipment under \$2,000 is not capitalised, but are placed on an "Attractive Items" list, if required, for reference and maintenance.



10. FIXED ASSETS (Continued)

(a) Disposals of Assets

The following assets were disposed off during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Governance</b>								
Land - freehold	1,154,000	1,600,000	446,000	0	0	0	0	0
Plant and equipment	16,545	23,455	6,909	0	16,500	18,200	1,700	0
<b>Education and welfare</b>								
Plant and equipment	16,727	20,909	4,182	0	15,500	17,300	1,800	0
<b>Community amenities</b>								
Plant and equipment	18,073	20,636	2,564	0	0	0	0	0
<b>Recreation and culture</b>								
Plant and equipment	15,455	19,091	3,636	0	241,200	243,600	2,800	(400)
Plant and equipment	7,727	7,455	0	(273)	0	0	0	0
<b>Transport</b>								
Furniture and equipment	14,617	5,000	0	(9,617)	0	0	0	0
<b>Economic services</b>								
Plant and equipment	16,909	21,818	4,909	0	18,100	18,200	100	0
<b>Other property and services</b>								
Plant and equipment	216,097	185,662	0	(30,435)	315,500	309,700	23,700	(29,500)
Plant and equipment	136,100	163,545	27,445	0	0	0	0	0
	<u>1,612,250</u>	<u>2,067,571</u>	<u>495,645</u>	<u>(40,325)</u>	<u>606,800</u>	<u>607,000</u>	<u>30,100</u>	<u>(29,900)</u>

(b) Depreciation

	2018	2017
	\$	\$
Buildings - non-specialised	(47,696)	(72,565)
Buildings - specialised	(779,082)	(2,201,578)
Furniture and equipment	(234,388)	(296,026)
Plant and equipment	(592,958)	(826,449)
Infrastructure - Roads	(2,939,185)	(2,382,073)
Infrastructure - Drainage	(300,783)	(301,710)
Infrastructure - Footpath	(207,517)	(206,841)
Infrastructure - Parks, Parks Reticulation	(826,994)	(705,971)
Infrastructure - Street Furniture	(59,600)	(36,098)
	<u>(5,988,203)</u>	<u>(7,029,311)</u>

## 10. FIXED ASSETS (Continued)

### (b) Depreciation (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES

##### Depreciation

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

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

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

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

##### Depreciation rates

Major depreciation periods used for each class of depreciable asset are:

Buildings	
- Structure	3 to 47 yrs
- Fit-outs	1 to 9 yrs
- Mechanical	2 to 14 yrs
- Roof Cladding	3 to 47 yrs
Furniture and equipment	4 to 10 yrs
Plant and equipment	5 to 15 yrs
Roads	
- Pavement	20 to 210 yrs
- Sub Grade	Not depreciated
- Top Surface	35 to 50 yrs
Footpaths	25 to 50 yrs
Stormwater	
- Pipes	60 to 80 yrs
- Pits	60 to 80 yrs
- Plant	30 to 80 yrs
Transport	
- Bus Shelters	30 yrs
- Roundabouts	20 to 80 yrs
- Street Lights	10 to 50 yrs
Parks	10 to 100 yrs
Parks Reticulation	25 to 50 yrs

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

11. REVALUATION SURPLUS

	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	2018 Total Movement on Revaluation	2018 Closing Balance	2017 Opening Balance	2017 Revaluation Increment	2017 Revaluation (Decrement)	2017 Total Movement on Revaluation	2017 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	121,100,418	0	0	0	121,100,418	17,617,418	103,483,000	0	103,483,000	121,100,418
Revaluation surplus - Land - vested in and under the control of Council	167,231,000	0	0	0	167,231,000	97,000	167,134,000	0	167,134,000	167,231,000
Revaluation surplus - Buildings - non-specialised	140,384	0	0	0	140,384	(478,961)	619,345	0	619,345	140,384
Revaluation surplus - Buildings - specialised	23,004,320	0	0	0	23,004,320	10,171,606	12,832,714	0	12,832,714	23,004,320
Revaluation surplus - Plant and equipment	732,800	0	0	0	732,800	732,800	0	0	0	732,800
Revaluation surplus - Infrastructure - Roads	64,710,548	0	(36,568,880)	(36,568,880)	28,141,668	64,710,548	0	0	0	64,710,548
Revaluation surplus - Infrastructure - Drainage	18,595,307	0	(10,193,661)	(10,193,661)	8,401,646	18,595,307	0	0	0	18,595,307
Revaluation surplus - Infrastructure - Footpath	11,461,909	0	(7,463,016)	(7,463,016)	3,998,893	11,461,909	0	0	0	11,461,909
Revaluation surplus - Infrastructure - Parks, Parks Reticulation	1,020,300	0	(1,020,300)	(1,020,300)	0	1,020,300	0	0	0	1,020,300
Revaluation surplus - Infrastructure - Street Furniture	0	795,524	0	795,524	795,524	0	0	0	0	0
	407,996,986	795,524	(55,245,857)	(54,450,333)	353,546,653	123,927,927	284,069,059	0	284,069,059	407,996,986

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**12. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors	
Accrued interest on long term borrowings	
Accrued salaries and wages	
ESL Payable	

2018	2017
\$	\$
1,766,802	2,563,110
42,872	34,813
276,846	59,887
0	76,444
2,086,520	2,734,254

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

**13. SHORT-TERM BORROWINGS**

Short Term Loan

2018	2017
\$	\$
1,652,524	0

**Particulars/Purpose**

Underground Power Project

## 14. INFORMATION ON BORROWINGS

### (a) Repayments - Borrowings

Particulars	Principal 1 July 2017 \$	New Loans \$	Principal Repayments		Principal 30 June 2018		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>General purpose funding</b>								
Road Infrastructures # 179	866,735	0	102,699	102,699	764,036	764,036	49,261	50,054
Buildings & Infrastructures # 181	942,568	0	215,328	215,328	727,240	727,240	49,401	50,992
Buildings & Infrastructures # 182	1,116,817	0	228,419	228,419	888,398	888,398	47,730	48,194
Buildings & Infrastructures # 183	1,339,090	0	151,612	151,612	1,187,478	1,187,478	34,991	35,655
Buildings & Infrastructures # 184	1,169,167	0	122,067	122,067	1,047,100	1,047,100	34,295	35,059
Buildings & Infrastructures # 185	553,340	0	57,771	57,771	495,569	495,569	16,231	16,593
Underground Power Project # 187 Infrastructures	0 0	3,233,761 0	151,784 0	0 0	3,081,977 0	6,200,000 1,000,000	27,976 0	37,084 5,433
<b>Community amenities</b>								
Loan 178 - Waste Bins	141,813	0	93,125	93,125	48,688	48,688	5,128	6,450
	6,129,530	3,233,761	1,122,805	971,021	8,240,486	12,358,509	265,014	285,514
<b>Self Supporting Loans</b>								
<b>General purpose funding</b>								
Buildings & Infrastructures # 186	118,485	0	12,821	12,821	105,664	105,664	3,465	3,491
	118,485	0	12,821	12,821	105,664	105,664	3,465	3,491
	6,248,015	3,233,761	1,135,626	983,842	8,346,150	12,464,173	268,479	289,005

Self supporting loan financed by payments from third parties.  
Waste Bins # 178 is financed by community amenities revenue.  
All other loan repayments were financed by general purpose revenue.

### Borrowings

	2018 \$	2017 \$
Current	1,597,168	983,843
Non-current	6,748,982	5,264,174
	8,346,150	6,248,017

14. INFORMATION ON BORROWINGS (Continued)

(b) New Borrowings - 2017/18

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term Years	Total Interest & Charges	Interest Rate	Amount (Used)		Balance Unspent
	Actual	Budget						Actual	Budget	
Underground Power Project # 187	\$ 3,233,761	\$ 6,200,000	WATC	Debenture	10	\$ 228,767	2.64%	\$ 2,847,476	\$ 4,650,000	\$ 386,285

(c) Unspent Borrowings

Particulars	Date Borrowed	Balance 1 July 17	Borrowed During Year	Expended During Year	Balance 30 June 18
Underground Power Project # 187	6/03/2018	\$ 0	\$ 3,233,761	\$ (2,847,476)	\$ 386,285

(d) Undrawn Borrowing Facilities  
Credit Standby Arrangements

Bank overdraft limit  
Bank overdraft at balance date  
Credit card limit  
Credit card balance at balance date  
**Total amount of credit unused**

	2018	2017
	\$	\$
Bank overdraft limit	500,000	500,000
Bank overdraft at balance date	0	0
Credit card limit	130,000	130,000
Credit card balance at balance date	(19,987)	(3,140)
<b>Total amount of credit unused</b>	<b>610,013</b>	<b>626,860</b>
<b>Loan facilities</b>		
Short Term Loan	1,652,524	0
Loan facilities - current	1,597,168	983,843
Loan facilities - non-current	6,748,982	5,264,174
<b>Total facilities in use at balance date</b>	<b>9,998,674</b>	<b>6,248,017</b>
<b>Unused loan facilities at balance date</b>	<b>950,552</b>	<b>NIL</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Borrowing costs**

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

15. PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Provision for Employment On-costs	Total
	\$	\$	\$	\$
<b>Opening balance at 1 July 2017</b>				
Current provisions	949,707	994,835	208,290	2,152,832
Non-current provisions	0	286,942	37,399	324,341
	949,707	1,281,777	245,689	2,477,173
Additional provision	1,012,075	91,975	126,965	1,231,015
Amounts used	(1,013,859)	(190,875)	(138,545)	(1,343,279)
<b>Balance at 30 June 2018</b>	947,923	1,182,877	234,109	2,364,909
<b>Comprises</b>				
Current	947,923	884,027	195,341	2,027,291
Non-current	0	298,850	38,768	337,618
	947,923	1,182,877	234,109	2,364,909

Annual Leave Liabilities

Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018	2017
	\$	\$
With 12 months of the end of the reporting period	782,414	949,707
More than 12 months after the end of the reporting period	165,509	0
	947,923	949,707

Long Service Leave Liabilities

Unconditional long service leave provisions are classified as current liabilities as the City does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the City has an unconditional right to defer settlement of the liability until the employee has completed the requisite years of service.

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018	2017
	\$	\$
With 12 months of the end of the reporting period	598,453	825,631
More than 12 months after the end of the reporting period	584,424	456,146
	1,182,877	1,281,777

Employment On-Cost Provision

The settlement of annual leave and long service leave liabilities give rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Employee Costs' in the Statement of Comprehensive Income. The related liability is included in 'Employment On-Costs' provision.

	2018	2017
	\$	\$
Carrying amount at start of period	245,689	206,396
Additional/(reversal of) provisions recognised	(11,580)	39,293
	234,109	245,689

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**15. PROVISIONS (continued)**

**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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

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

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

**Provisions**

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

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

**Employment On-cost Provision**

The settlement of annual leave and long service liabilities give rise to the payment of employment on-cost. The provision is the present value of expected future payments.

Employment on-costs are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Employee Costs' in the Statement of Comprehensive Income. The related liability is included in 'Employment On-costs' provision.



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**16. NOTES TO THE STATEMENT OF CASH FLOWS**

**Reconciliation of Cash**

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

	<b>2018 Actual</b>	<b>2018 Budget</b>	<b>2017 Actual</b>
	\$	\$	\$
Cash and cash equivalents	11,135,046	7,766,038	11,020,622
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	(1,081,559)	(2,101,878)	2,775,928
Non-cash flows in Net result:			
Depreciation	5,988,203	7,251,700	7,029,311
(Profit)/loss on sale of asset	(455,321)	0	76,037
Loss on revaluation of fixed assets	1,232,307	(200)	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	126,130	(151,120)	(195,803)
(Increase)/decrease in inventories	(17,705)	0	10,442
Increase/(decrease) in payables	(647,734)	41,365	671,404
Increase/(decrease) in provisions	(112,264)	15,000	(43,191)
Grants contributions for the development of assets	(2,609,259)	(4,594,960)	(2,204,087)
Net cash from operating activities	<u>2,422,798</u>	<u>459,907</u>	<u>8,120,041</u>

**17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2018</b>	<b>2017</b>
	\$	\$
Governance	309,383,586	310,704,355
Education and welfare	7,882,953	7,955,354
Community amenities	2,114,867	2,153,665
Recreation and culture	34,017,223	22,179,394
Transport	70,530,016	133,376,277
Other property and services	17,381,115	17,481,947
	<u>441,309,760</u>	<u>493,850,992</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

## 18. CONTINGENT LIABILITIES

The City of Nedlands is not aware of any legal claims against the City which would require disclosure as contingent liabilities.

## 19. CAPITAL AND LEASING COMMITMENTS

### (a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

Payable:

- not later than one year

	2018	2017
	\$	\$
	716,312	2,382,090
	6,105	0
	722,417	2,382,090

### (b) Operating Lease Commitments

Non-cancellable operating leases contracted for but

Payable:

- not later than one year
- later than one year but not later than five years
- later than five years

	702	27,688
	0	160
	0	0
	<u>702</u>	<u>27,848</u>

## SIGNIFICANT ACCOUNTING POLICIES

### Leases

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

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

### Leases (Continued)

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

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

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

## 20. JOINT VENTURE ARRANGEMENTS

The City of Nedlands has no interest in any Joint Ventures.

## 21. INVESTMENT IN ASSOCIATES

The City of Nedlands has no interest in any Associated Entities.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**22. RELATED PARTY TRANSACTIONS**

**Elected Members Remuneration**

The following fees, expenses and allowances were paid to council members, Mayor and deputy Mayor.

	<b>2018 Actual</b>	<b>2018 Budget</b>	<b>2017 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Meeting Fees	300,117	306,800	293,705
Mayor's allowance	62,725	62,700	62,727
Deputy Mayor's allowance	14,909	15,600	15,682
Telecommunications allowance	44,339	45,500	43,166
	<b>422,090</b>	<b>430,600</b>	<b>415,280</b>

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

The total of remuneration paid to KMP of the City during the year are as follows:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	2,511,611	2,262,018
Post-employment benefits	264,813	246,002
Other long-term benefits	55,948	53,899
Termination benefits	0	0
	<b>2,832,372</b>	<b>2,561,919</b>

*Short-term employee benefits*

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

*Post-employment benefits*

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

*Other long-term benefits*

These amounts represent long service benefits accruing during the year.

**Termination benefits**

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

**Transactions with related parties**

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**22. RELATED PARTY TRANSACTIONS (continued)**

**Transactions with related parties (continued)**

No transactions occurred with related parties as indicated below;

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Sale of goods and services	0	0
Purchase of goods and services	0	0
Amount outstanding from related parties:		
Trade and other receivables	0	0
Loans to associated entities	0	0
Loans to key management personnel	0	0
Amounts payable to related parties:		
Trade and other payables	0	0
Loans from associated entities	0	0

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

*i. Key management personnel*

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

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

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

**23. MAJOR LAND TRANSACTIONS**

The City of Nedlands did not participate in any major land transactions during the 2017/18 financial year.

**24. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The City of Nedlands did not participate in any trading undertaking or major trading undertakings during the 2017/8 financial year.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

## 25. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance <sup>(1)</sup> 1/07/16	Received <sup>(2)</sup> 2016/17	Expended <sup>(3)</sup> 2016/17	Closing Balance <sup>(1)</sup> 30/06/17	Received <sup>(2)</sup> 2017/18	Expended <sup>(3)</sup> 2017/18	Closing Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
<b>Recreation and culture</b>							
DSR-Kidsports Program	836	6,000	(3,035)	3,801	0	(3,801)	0
Roads to Recovery Grants	0	182,000	0	182,000	141,419	(255,228)	68,191
HACC transition funding	0	0	0	0	25,500	(9,268)	16,232
<b>Total</b>	836	188,000	(3,035)	185,801	166,919	(268,297)	84,423

**Notes:**

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

26. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
<b>Differential general rate / general rate</b>											
<b>Gross rental valuations</b>											
Residential	0.05410	6,750	301,033,360	16,285,903	138,241	17,082	16,441,226	16,226,831	28,627	0	16,255,458
Residential Vacant	0.07681	142	7,873,580	604,770	(98,050)	6,607	513,327	607,200	0	0	607,200
Non Residential	0.06717	392	46,874,750	3,148,577	(40,228)	8,168	3,116,518	3,113,010	8,000	0	3,121,010
<b>Sub-Total</b>		7,284	355,781,690	20,039,250	(37)	31,858	20,071,071	19,947,041	36,627	0	19,983,668
<b>Minimum payment</b>											
<b>Gross rental valuations</b>											
Residential	1,401	1,517	32,639,180	2,125,317	(10,452)	(4,073)	2,110,793	2,126,718	0	0	2,126,718
Residential Vacant	1,847	50	945,810	92,350	2,793	0	95,143	90,503	0	0	90,503
Non Residential	1,857	127	2,266,605	235,839	(17,954)	(2,682)	215,203	235,839	0	0	235,839
<b>Sub-Total</b>		1,694	35,851,595	2,453,506	(25,613)	(6,755)	2,421,139	2,453,060	0	0	2,453,060
		8,978	391,633,285	22,492,756	(25,650)	25,103	22,492,209	22,400,101	36,627	0	22,436,728
Discounts/concessions (refer note 26(d))							0				0
<b>Total amount raised from general rate</b>							22,492,209				22,436,728
Specified Area Rate (refer note 26(b))							0				0
<b>Totals</b>							22,492,209				22,436,728

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates**  
Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**26. RATING INFORMATION (Continued)**

**(b) Specified Area Rate**

No specified area rates were imposed by the City of Nedlands during the year ended 2018.

**(c) Service Charges**

No service charges were imposed by the City of Nedlands during the year ended 2018.

**(d) Discounts, Incentives, Concessions, & Write-offs**

**Rates Discounts**

The City of Nedlands offered no discounts or incentives for the early payment of rates or any other debts to Council during the 2017/18 financial year.

**Waivers or Write-offs**

The City of Nedlands does not offer any standard waivers or write off of rates and charges or any other debts of ratepayers unless specifically approved by the Council.

**Waivers or Concessions**

The City of Nedlands offers those residents who hold a current valid seniors or pensioners concession card, a concession in respect of the following services:

- (i) Rates and Charges
- (ii) ESL
- (iii) Dogs and Cats Registration

**(e) Interest Charges & Instalments**

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
<b>Option One</b>				
Single full payment	21-Aug-17			11.00%
<b>Option Two</b>				
First instalment	21-Aug-17		5.50%	11.00%
Second instalment	23-Oct-17	16.00	5.50%	11.00%
Third instalment	15-Jan-18	16.00	5.50%	11.00%
Fourth instalment	19-Mar-18	16.00	5.50%	11.00%
				<b>2,018</b>
				<b>Budget</b>
			<b>2018</b>	
			\$	\$
Interest on unpaid rates			76,811	65,000
Interest on instalment plan			102,654	105,000
ESL interest income			8,082	0
Deferred Rates interest			10,424	0
			197,972	170,000

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

## 27. NET CURRENT ASSETS

Composition of net current assets

	2018 (30 June 2018 Carried Forward)	2018 (1 July 2017 Brought Forward)	2017 (30 June 2017 Carried Forward)
	\$	\$	\$
<b>Surplus 1 July 17 brought forward</b>	2,201,756	2,965,451	2,965,451
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	5,013,276	6,318,193	6,318,193
Restricted	6,121,770	4,702,429	4,702,429
Receivables			
Rates outstanding	351,530	401,946	401,946
Sundry debtors	396,582	403,328	403,328
GST receivable	256,674	275,529	275,529
Self-supporting Loan Debtors	13,219	15,966	15,966
Prepayments	186,333	254,683	254,683
Provision for impairment in Receivables	(5,186)	(1,170)	(1,170)
Inventories			
Fuel & Oil	31,937	14,232	14,232
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(1,766,802)	(2,563,110)	(2,563,110)
Accrued interest on long term borrowings	(42,872)	(34,813)	(34,813)
Accrued salaries and wages	(276,846)	(59,887)	(59,887)
ESL Payable	0	(76,444)	(76,444)
Short term loan	(1,652,524)	0	0
Current portion of long term borrowings	(1,597,168)	(983,843)	(983,843)
Provisions			
Provision for annual leave	(1,056,935)	(1,058,923)	(1,058,923)
Provision for long service leave	(970,358)	(1,093,909)	(1,093,909)
<b>Unadjusted net current assets</b>	5,002,630	6,514,203	6,514,203
<b>Adjustments</b>			
Less: Reserves - restricted cash	(6,037,347)	(4,516,629)	(4,516,629)
Less: Self-supporting Loan Debtors	(13,219)	(15,966)	(15,966)
Add: Short term borrowings	1,652,524	0	0
Add: Current portion of long term borrowings	1,597,168	983,843	983,843
<b>Adjusted net current assets - surplus</b>	2,201,756	2,965,451	2,965,451

### Difference

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**28. FINANCIAL RISK MANAGEMENT**

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

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

Financial risk management is carried out by the finance area under policies approved by the Council.

The City held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	11,135,046	11,020,622	11,135,046	11,020,622
Receivables	1,739,319	1,881,416	1,739,319	1,881,416
	<u>12,874,365</u>	<u>12,902,038</u>	<u>12,874,365</u>	<u>12,902,038</u>
<b>Financial liabilities</b>				
Payables	2,086,520	2,734,254	2,086,520	2,734,254
Short term borrowings	1,652,524	0	1,660,439	0
Long term borrowings	8,346,150	6,248,017	8,565,544	6,666,310
	<u>12,085,194</u>	<u>8,982,271</u>	<u>12,312,503</u>	<u>9,400,564</u>

Fair value is determined as follows:

Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**28. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

**Financial assets at fair value through profit and loss**

**Available-for-sale financial assets**

**Held-to-maturity investments**

The City's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. 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 is subject to interest rate risk - the risk that movements in interest rates could affect returns.

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

The City manages these risks by diversifying its portfolio and only investing in investments authorised by Local Government (Financial Management) Regulation 19C.

	<b>2018</b>	<b>2017</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash	<b>\$</b>	<b>\$</b>
- Equity	111,350	110,206
- Statement of Comprehensive Income	111,350	110,206

**Notes:**

<sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible interest rate movements.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**28. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Receivables**

The City'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. The City manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the City to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The City 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.

The City 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.

The profile of the City's credit risk at balance date was:

	<b>2018</b>	<b>2017</b>
	%	%
Percentage of rates and annual charges		
- Current	55	51
- Overdue	45	49
Percentage of other receivables		
- Current	36	47
- Overdue	64	53

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

28. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables and borrowings

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

The contractual undiscounted cash flows of the City's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2018</b>					
Payables	2,086,520	0	0	2,086,520	2,086,520
Short term borrowings	1,652,524	0	0	1,652,524	1,652,524
Long term borrowings	1,873,048	6,172,356	1,142,715	9,188,119	8,346,150
	<u>5,612,092</u>	<u>6,172,356</u>	<u>1,142,715</u>	<u>12,927,163</u>	<u>12,085,194</u>
<b>2017</b>					
Payables	2,734,524	0	0	2,734,524	2,734,254
Long term borrowings	1,230,330	4,168,181	1,730,537	7,129,048	6,248,016
	<u>3,964,854</u>	<u>4,168,181</u>	<u>1,730,537</u>	<u>9,863,572</u>	<u>8,982,270</u>

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

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

Year ended 30 June 2018	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	
<b>Borrowings</b>								
<b>Fixed rate</b>								
Short term borrowings	1,652,524	0	0	0	0	0	1,652,524	
Long term borrowings	48,688	0	727,240	888,399	3,081,977	3,599,846	8,346,150	8.60%
Weighted average Effective interest rate	1.11%		9.86%	8.98%	6.73%	13.39%		
<b>Year ended 30 June 2017</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Long term borrowings	0	0	141,813	942,568	1,116,817	4,046,818	6,248,016	14.10%
Weighted average Effective interest rate			5.32%	13.02%	11.46%	15.39%		

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**29. TRUST FUNDS**

Funds held at balance date over which the City has no control and which are not included in the financial statements are as follows:

	<b>1 July 2017</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Footpath Bonds	1,159,933	463,641	(461,773)	1,161,801
Hall & Key Bond	47,155	6,066	(3,346)	49,875
Tresillian Bond & Miscellaneous	7,395	300	(903)	6,792
Retention for Non Compliance	40,979	1,601	0	42,580
Construction Training Bond	66,244	211,157	(204,124)	73,277
Building Construction Bond	222,139	161,614	(165,442)	218,311
Unclaimed Money	49,596	1,188	0	50,784
Tresillian Artist Sales	1,465	3,339	(4,055)	749
Crossover Bond	6,000	30,219	0	36,219
Miscellaneous	19,200	59,306	(14,099)	64,407
DAP Application Levy	0	7,639	0	7,639
Adelma	100,000	0	0	100,000
Supplier Retention	0	9,465	0	9,465
Staff Funds	1,273	6,703	(7,858)	118
	<b>1,721,379</b>	<b>962,237</b>	<b>(861,600)</b>	<b>1,822,016</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**30. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS**

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

Management's assessment of the new and amended pronouncements that are relevant to the City, applicable to future reporting periods and which have not yet been adopted are set out as follows:

	<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable (1)</b>	<b>Impact</b>
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the City, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend on the nature of future transactions the City has with those third parties it has dealings with. It may or may not be significant.
(iii)	AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability into the statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position when AASB 16 is adopted.  Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the City, the impact is not expected to be significant.

Notes:

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

30. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (Continued)

Title	Issued / Compiled	Applicable (1)	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> <li>- Assets received below fair value;</li> <li>- Transfers received to acquire or construct non-financial assets;</li> <li>- Grants received;</li> <li>- Prepaid rates;</li> <li>- Leases entered into at below market rates; and</li> <li>- Volunteer services.</li> </ul> <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the City's operations.</p>

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

Adoption of New and Revised Accounting Standards

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

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

- (i) AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities 1 January 2017
- (ii) AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities 1 January 2017

### 31. SIGNIFICANT ACCOUNTING POLICIES

#### a) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

#### b) Current and non-current classification

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

#### c) Rounding off figures

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

#### d) Comparative figures

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

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

#### e) Budget comparative figures

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

#### f) Superannuation

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

#### g) Fair value of assets and liabilities

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

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

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

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



31. SIGNIFICANT ACCOUNTING POLICIES (continued)

**h) Fair value hierarchy**

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

**Level 1**

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2**

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

**Valuation techniques**

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

**Market approach**

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

**Income approach**

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

**Cost approach**

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

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

**i) Impairment of assets**

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

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

### 32. ACTIVITIES/PROGRAMS

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

<b>PROGRAM NAME</b>	<b>OBJECTIVE</b>	<b>ACTIVITIES</b>
<b>GOVERNANCE</b>	To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.
<b>GENERAL PURPOSE FUNDING</b>	To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
<b>LAW, ORDER, PUBLIC SAFETY</b>	To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
<b>HEALTH</b>	To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
<b>EDUCATION AND WELFARE</b>	To provide services to disadvantaged persons, the elderly, children and youth.	Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home and community care programs and youth services.
<b>HOUSING</b>	To provide and maintain elderly residents housing.	Provision and maintenance of elderly residents housing.
<b>COMMUNITY AMENITIES</b>	To provide services required by the community.	Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.
<b>RECREATION AND CULTURE</b>	To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community.	Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.
<b>TRANSPORT</b>	To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
<b>ECONOMIC</b>	To help promote the shire and its economic wellbeing.	Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.
<b>OTHER PROPERTY AND SERVICES</b>	To monitor and control City of Nedlands's overheads operating accounts.	Private works operation, plant repair and operation costs and engineering operation costs.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**33. FINANCIAL RATIOS**

	2018	2017	2016
Current ratio	0.85	1.31	2.00
Asset sustainability ratio	1.45	1.65	1.29
Debt service cover ratio	1.83	6.44	5.94
Operating surplus ratio	(0.12)	0.02	(0.03)
Own source revenue coverage ratio	0.84	0.94	0.92
Asset consumption ratio	0.57	0.67	0.59
Asset renewal funding ratio	0.86	0.88	0.86

The above ratios are calculated as follows:

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

**Notes:**

The current ratio, debt service cover ratio and operating surplus ratio disclosed above were distorted by the early receipt of Financial Assistance Grants and short term borrowings to fund the owners' portion of the Underground Power Project included in current liabilities.

In addition, the debt service cover ratio, operating surplus ratio and own source revenue coverage ratio disclosed above were distorted by the spend on the underground power project which commenced during the year and impairment loss of infrastructure assets through profit or loss.

	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	395,032	396,470	0
Short term borrowings for the owners' portion of the Underground Power Project included in current	1,652,524	0	0
Amount of Financial Assistance Grant received in prior year relating to current year.	396,470	0	394,492
Underground power project commenced in 2017/18	4,500,000	0	0
Impairment loss of infrastructure assets through profit or loss	1,232,307	0	0

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**33. FINANCIAL RATIOS (continued)**

If the events detailed aforesaid did not occur, the impacted ratios in the 2018, 2017 and 2016 columns at would be as follows:

	2018	2017	2016
Current ratio	1.02	1.27	N/A
Debt service cover ratio	5.89	6.12	6.30
Operating surplus ratio	0.07	0.01	(0.02)
Own source revenue coverage ratio	1.00	N/A	N/A

**34. EVENTS AFTER THE REPORTING PERIOD**

There have been no significant events after the reporting period that are required to be reported in the 2017/18 Annual Financial Report



Date : 05/11/2018

Mr Anthony Macri  
Audit Partner  
Macri Partners  
PO Box 398  
VICTORIA PARK WA 6979

## Representation Letter – External Audit 30 June 2018

### City of Nedlands

This representation letter is provided in connection with your audit of the financial statements of City of Nedlands for the year ended 30 June 2018, for the purpose of you expressing an opinion as to whether the financial statements give a true and fair view in accordance with:

- Australian Accounting Standards (including the Australian Accounting Interpretations)
- the Local Government Act 1995 (as amended)
- the Local Government (Financial Management) Regulations 1996 (as amended)

We acknowledge our responsibility for keeping proper accounts and records, preparing the financial statements and confirm they are free of material misstatements, including omissions.

We confirm, to the best of our knowledge and belief, having made enquiries we considered necessary to appropriately inform ourselves, the following representations made to you during your audit.

## 1 GENERAL

We believe, in all material respects, the financial statements present a view which is consistent with our understanding of the **City of Nedlands**' financial position as at 30 June 2018, and its financial performance for the year then ended.

We have fulfilled our responsibilities, as set out in the terms of the audit contract, for the preparation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996



(as amended). The financial statements give a true and fair view in accordance with these requirements.

There have been no deficiencies in financial reporting practices and we have disclosed changes to accounting policies in the financial statements, including voluntary changes not arising from the initial adoption of an Accounting Standard.

## 2 ACCOUNTING RECORDS AND TRANSACTIONS

We have given you:

- all financial records and related data, other information, explanations and help necessary to conduct the audit
- all internal audit reports and reports resulting from other management reviews
- minutes of all meetings (e.g. Council meetings, Audit and Risk Committee or other management meetings)
- all legal issues and legal opinions that may be relevant to the fairness of the financial statements
- information about all deficiencies in internal control of which we are aware
- additional information you have requested from us for the audit
- unrestricted access to all people in the entity you determined it necessary to obtain audit evidence from.

All transactions have been recorded in the accounting records and are reflected in the financial statements, including all 'off-balance sheet' agreements or instruments.

## 3 COMPLIANCE WITH LEGISLATION AND OTHER REQUIREMENTS

Other than what has been advised to the auditors during the year or instances reported by the auditors in their management letter, we have no other knowledge of any breaches or possible breaches of laws and regulations, contracts, agreements or licensing conditions, the effects of which should be considered when preparing the financial statements.

All activities undertaken are specifically required by City of Nedlands' enabling legislation.

There has been no communication to/from regulatory authorities concerning:

- breaches of or non-compliance with laws, regulations, licensing conditions or other requirements
- deficiencies in financial reporting practices that could have a material effect on the financial statements.



## 4 INTERNAL CONTROLS

We acknowledge our responsibility for the design and implementation of internal control to prevent and detect error. We have established and maintained adequate internal control to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. We have established and maintained adequate internal control to ensure we:

- prepare reliable financial statements
- maintain adequate financial records
- record all material transactions in accounting records underlying the financial statements
- minimise the risk of fraud and error occurring and detect them should they occur
- minimise the risk of significant breaches of legislation and other mandatory requirements and detect such breaches should they occur.

## 5 FRAUD AND ERROR

We acknowledge our responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud and error.

We have disclosed to you the results of our assessment of the risk the financial statements may be materially misstated as a result of fraud.

We have no knowledge of any fraud or suspected fraud affecting the entity involving:

- management
- employees who have significant roles in internal control
- others where the fraud could have a material effect on the financial statements.

Fraud includes misstatements resulting from fraudulent financial reporting and misstatements resulting from the misappropriation of assets.

We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated to us by employees, former employees, analysts, regulators or others.

## 6 FINANCIAL STATEMENTS

We confirm that City of Nedlands is a reporting entity and therefore the preparation of a general-purpose financial report is appropriate.

All transactions have been recorded in the accounting records and are reflected in the financial report.



We have no plans or intentions that may materially affect the carrying values or classification of assets or liabilities.

All significant accounting policies which are described in Note 1 to the financial statements have been consistently applied in accordance with the requirements of the Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

### Receivables

- Balances owing by trade and other receivables at the reporting date are valid receivables.

The impairment of receivables is sufficient to provide for any losses on realisation and we have written off all known bad debts.

### Inventories

- The Council has no obsolete or excess inventories, and no inventory is stated at an amount exceeding the net realisable value.

### Other Current Assets

- We expect to realise all other current assets at least at the amounts at which they are stated in the financial statements.

### Property, Plant and Equipment and Infrastructure

- The Council has satisfactory title of all assets. There are no liens or encumbrances on assets, nor has any asset been pledged as collateral. Allowances for depreciation have been adjusted for all important items of property, plant and equipment that have been abandoned or are otherwise unusable.
- The additions during the financial year to property, plant and equipment and infrastructure general ledger control accounts and asset registers represent the cost of additions and or improvements to existing facilities or replacements thereof. All units of property which have been replaced, sold, dismantled or otherwise disposed of, or which are permanently unusable, have been removed from general ledger and applicable asset register. Adequate provision, determined in a manner consistent with that of the preceding financial year, has been made to write-off depreciable assets over their useful economic working lives.





- All additions to depreciable assets represent actual additions or improvements of a capital nature, based on capitalisation thresholds consistently applied for the 2018 financial year and unchanged from the 2017 financial year.
- No circumstances have arisen which render adherence to the existing basis of depreciation misleading or inappropriate and that depreciation expense for the financial year ended 30 June 2018 is reliable.
- Asset depreciation rates have been reviewed against estimated asset usage, useful lives and the rate of technical and commercial obsolescence. Any adjustment to reflect the most recent assessment of the useful lives of non-current assets has been recognised and disclosed in the financial statements.
- Depreciation expense reported in the 2018 Statement of Comprehensive Income is reliable, being based on reliable 'whole of life' asset management information for each class of depreciable non-current asset.
- The carrying amount of each physical non-current asset does not materially differ from its fair value at the end of the reporting period. Significant fair value assumptions, including those with high estimation uncertainty, are reasonable.
- We have considered the requirements of AASB 136 'Impairment of Assets', when assessing the impairment of assets. We have ensured no asset's carrying amount exceeds its recoverable amount. We have communicated to you all indicators of impairment and where these exist, we have conducted an appropriate impairment assessment of the relevant asset.

### **Development Contribution Plans (DCPs)**

- Development contributions are payments or in-kind works provided by developers towards the supply of infrastructure to support new land developments. Where applicable, we have made full disclosure of all development contributions received by the Council. These are recognised as non-operating contribution revenue in the Statement of Comprehensive Income.

### **Gifted Assets**

- Where applicable, all gifted assets received during the financial year ended 30 June 2018 were recognised as non-revenue in the Council's Statement of Comprehensive Income.

### **Work in progress**

- Where applicable, we have made provision for all expected future losses on contracts entered into at the reporting date, based on estimated costs to complete, including appropriate overhead expenditure.



### Impairment of Financial Assets

- We have reviewed all our financial assets for any indicators of impairment. We have no reason to believe these assets may be impaired at the reporting date.

### Accounting for Investments in Joint Ventures

- We have made available to you details and records of all ownership interests held in any joint venture operations.

### Fair Value Measurements and Disclosures

- In our opinion, the respective fair values of the assets covered by this valuation exercise meet the requirements of the Accounting Standards and Regulation 17A of the Local Government (Financial Management) Regulations 1996.
- We acknowledge our responsibility to review the results and critically assess the outcomes of the valuation performed by the external valuers and internally by asset management/engineering officers.
- We confirm the significant assumptions used in fair value measurements and disclosures are reasonable, and appropriately reflect our intent and ability to carry out specific courses of action.
- We confirm the measurement methods, including related assumptions, used by management in determining fair values within the applicable financial reporting framework are appropriate, and have been consistently applied.
- We have analysed the valuation results with respect to the following:
  - Detailed methodology and description about the valuation processes used
  - Detailed description of valuation inputs and techniques
  - Highest and best use principle.
- Consequently, we are satisfied with the results of the valuations performed internally by Council officers and/or external valuers/experts.
- We confirm the disclosures related to fair value in the financial statements are complete and appropriate in accordance with Accounting Standard AASB 13 Fair Value Measurement.

### Liabilities

We have:

- recognised all material liabilities at the reporting date have been taken up in the books of account, including the liability for all purchases to which title has passed prior to the reporting date, and for all items including inventories.



- disclosed the existence of any loans approved, but not drawn down at the reporting date. All amounts of capital repayment and interest due to be paid to lenders during reporting period were made on time, in accordance with provision of the loan agreements, except as disclosed in the financial report.
- no asset of the Council that has been pledged as security for any liability, except as disclosed in financial report.
- confirmed that there are no financial guarantee contracts in place to third parties which could be called upon in the event of a default, other than those disclosed in the financial report.

### **Employee Benefits**

- All annual leave, rostered days off, time in lieu and/or long service leave employee benefits have been identified and properly accounted for and all events impacting the provisions have been brought to our attention.

### **Provisions, Contingent Assets and Contingent Liabilities**

- We have properly recorded and/or disclosed in the financial statements:
  - arrangements involving restrictions on cash balances, compensating balances and line-of-credit or similar arrangements
  - agreements or options to repurchase assets previously sold
  - capital commitments, material or contingent liabilities or assets including those arising under derivative financial instruments.
  - unasserted claims or assessments that our solicitors have advised us are probable of assertion; and
  - losses arising from the fulfilment of, or an inability to fulfil, any sale commitments or as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of prevailing market prices.

### **Taxation**

- We confirm there are no disputes with any taxation authorities whose effects should be considered for disclosure in the financial report or as a basis for recording an expense.

### **Commitments**

- We have disclosed all material commitments, for leases, construction or acquisition of property, plant and equipment, and purchases of other non-current assets, such as investments or intangibles, in the financial statements.



- We have properly recorded and/or disclosed losses arising from the fulfilment of, or inability to fulfil any sale, purchase or lease commitment in the financial statements.

### Financial instruments

- We have not derecognised any financial instruments that would have met the derecognition criteria of AASB 139 Financial Instruments: Recognition and Measurement.
- All instruments recorded as equity instruments meet the definition of equity in AASB 132 Financial Instruments: Presentation.
- The sensitivity analysis disclosed in the financial report for price risk, credit risk, liquidity risk and interest rate risk are all based upon reasonably possible fluctuations in prices, interest rates, credit terms for the period until the next annual financial report is expected to be signed.
- All quantitative disclosures in the financial report relating to risk exposures in respect of financial instruments at reporting date are representative of exposures during the financial year.
- All concentrations of credit risk, liquidity risk and market risk (including interest rate risk and other price risk) have been properly disclosed in the financial report.
- Disclosures in the notes forming the accounts relating to processes for managing risk of financial instruments reflect actual processes in place during the reporting period.

### Leases

- No Operating or Finance Lease commitments exist that has not been included in the financial report. All Operating Lease expenses have been reflected in the Statement of Comprehensive Income. Finance Lease commitments, where applicable, have been included in the notes to the Statement of Financial Position.

### Related Party Transactions

- We have appropriately accounted for and disclosed related party relationships and transactions, in accordance with the requirements of Australian Accounting Standards.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

### Contingent Assets and Contingent Liabilities

- We have properly recorded and/or disclosed in the financial statements:
  - arrangements involving restrictions on cash balances, compensating balances and line-of-credit or similar arrangements



- agreements or options to repurchase assets previously sold
- material or contingent liabilities or assets including those arising under derivative financial instruments.

### **Environmental Issues**

- We have considered whether environmental matters could materially impact the financial statements and conclude we are not aware of:
  - any material liabilities or contingencies arising from environmental matters, including those resulting from illegal or possibly illegal acts
  - environmental matters that may result in material impairment of assets

Where we are aware of such matters referred to in the points above, we have disclosed all facts relating to those matters to you.

We are aware of our obligations under the Contaminated Sites Act 2003 and have reported to the Department of Environment and Conservation, all land owned, vested or leased by the Council that is known to be, or is suspected of being, contaminated. All actual liabilities or contingent liabilities, if any, have been disclosed in the financial statements as appropriate.

### **Prior Period Errors Identified in the Current Year**

- We confirm that there were no prior period errors identified in the current year.

### **Uncorrected Accounting Misstatements**

- We acknowledge the uncorrected misstatements have been brought to our attention and we have considered the impact on the financial statements. We conclude the effects of these uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole.
- We have also considered the impact of uncorrected misstatements from previous periods and conclude the aggregate amount of these misstatements is immaterial to the previous and current periods' financial statements.

### **Insurance**

- We confirm that best practice risk management techniques are used and the assistance of appointed consultants is arranged in assessing insurable risk and in managing the Council's insurance portfolio. The Council has an established procedure whereby an officer reviews at least annually the adequacy of insurance cover on all assets and insurable risks. In our judgment, all reasonable commercial considerations are included in arriving at insurable risk.



- To the best of our knowledge and belief, the Council's assets are securely covered by adequate insurances to cover losses arising from fraud, loss of earnings, fire, flood or other reasonably insurable events in the next financial year.

### **Litigation and Claims**

- We confirm all known actual or possible litigation and claims, whose effects should be considered when preparing the financial statements, have been disclosed to you. The effects of these events have been accounted for and disclosed in accordance with the applicable financial reporting framework.
- We have provided to you all information regarding material outstanding legal matters.

### **Accounting Estimates**

- We confirm the significant assumptions used in making accounting estimates are reasonable and have been disclosed in the financial statements.
- We confirm the measurement processes, including related assumptions, used by management to determine accounting estimates in the context of the applicable financial reporting framework are appropriate and have been consistently applied.
- We confirm the disclosures related to accounting estimates are complete and appropriate.

### **Going Concern**

- We made an assessment of the Council's ability to continue as a going concern when preparing the financial report. We are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Council's ability to continue as a going concern. Where we are aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Council's ability to continue as a going concern, we have disclosed those uncertainties in the financial report.

### **Events subsequent to the Reporting Period**

- No events have occurred between the end of the reporting period and the date of this letter that require adjustment to, or disclosure in, the financial statements, other than what has been already disclosed.



### Financial Ratios (Key Performance Indicators)

- We have reported the Financial Ratios (key performance indicators) of effectiveness and efficiency and consider the indicators to be relevant and appropriate for assisting users to assess the Council's performance and the information disclosed to fairly represent indicated performance for the year ended 30 June 2018.
- In our computation of the Asset Sustainability Ratio, we confirm that there were no new asset additions during the year i.e. all capital expenditure incurred was renewal and replacement expenditure.

### Electronic Presentation of the Audited Financial Statements and Audit Report

With respect to publication of the financial statements on our website, we acknowledge:

- we are responsible for the electronic presentation of the financial statements on our website
- we will ensure the electronic version of the audited financial statements and the Independent Auditor's Report on our website are identical to the final signed hard copy of the audited financial statements which bears the Macri Partners' seal and the Independent Auditor's Report
- we will clearly differentiate between audited and unaudited information in the construction of our website as we understand the risk of potential misrepresentation between unaudited and audited information in the absence of appropriate controls
- we have assessed the controls over the security and integrity of the data on our website and adequate procedures are in place to ensure the integrity of the published information
- we will ensure that where the Independent Auditor's Report is published on our website, the related financial statements are also published in full.

We understand that the examination of the controls over the electronic presentation of audited financial information on the website is beyond the scope of the audit of the financial statements. Responsibility for the electronic presentation of the financial statements on the website is that of the management of the City of Nedlands.

## 7 Other

### Other Information included in an Annual Report

We have informed you of all the documents we expect to issue that may comprise 'Other Information' (financial and non-financial information, excluding the financial statements and auditor's report) in our annual report.



We will provide you with other information included in our annual report when available so you can perform the procedures required by Australian Auditing Standards before its issue. We understand your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial statements of the City of Nedlands taken as a whole, and your tests of the financial records and other auditing procedures were limited to those you considered necessary for that purpose.

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**CHIEF EXECUTIVE OFFICER (CEO)**

**NAME: GREG TREVASKIS**





Certified Practising Accountants

## **City of Nedlands**



### Audit Completion Report to the Audit Committee For the Year Ended 30 June 2018

5 November 2018

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## 1. Executive Summary

Under the requirements of Australian Auditing Standard ASA 260: “*Communication with Those Charged with Governance*”, we are required to communicate audit matters arising from the audit of financial statements to those charged with governance of an entity. This Annual Audit Completion Report together with our previous External Audit Plan discharges the requirements of the Auditing Standard.

This report has been prepared for the Council via its Audit Committee to summarise the significant matters that have arisen from our year-end audit of the City of Nedlands for the year ended 30 June 2018.

### 1.1 Status of Audit

Our audit fieldwork at the City of Nedlands for the financial year ended 30 June 2018 has been completed.

Before our Independent Auditor’s Report is signed off and issued to the Council, the following outstanding matter is required to be attended to:

- Completion of audit procedures relating to Auditing Standard ASA 560 *Subsequent Events* to be performed up to the date of signing the Independent Auditor’s Report.

### 1.2 Deliverables

Output	Timing
External Audit Plan	23 May 2018
Interim Audit Management Letter	5 July 2018
Present the Audit Completion Report to the Audit Committee	5 November 2018
Provide Independent Auditor’s Report on the Financial Report	After recommendation of Financial Report by the Audit Committee

## 2. Financial Statements and Audit Opinion

### Audit Opinion

We have completed the audit of the City of Gosnell's accounts in line with current Australian Auditing Standards and will give an **Unqualified Opinion** [subject to subsequent events procedures] that the financial report of the City of Nedlands

- (i) gives a true and fair view of the financial position of the City of Nedlands as at 30 June 2018 and of its financial performance for the year ended on that date; and
- (ii) complies with the *Local Government Act 1995* (as amended), the *Local Government (Financial Management) Regulations 1996* (as amended) and the Australian Accounting Standards.

Refer to **Appendix 1** for our Proposed Draft Independent Auditor's Report

## 3. Current Year Areas of Audit Focus

Our audit procedures were focused on those areas of City of Nedlands' activities that are considered to represent the key audit risks identified in our external audit plan and through discussions with management during the course of our audit.

	Risk Area	Audit Response
1	Revaluation of <ul style="list-style-type: none"> <li>- Roads</li> <li>- Drainage</li> <li>- Footpath</li> <li>- Park, Gardens &amp; Reserves</li> <li>- Street Furniture</li> </ul>	<p>Regulation 17A (4) of the LG (Financial Management) Regulations 1996 requires Infrastructure assets to be measured at fair value for the year ended 30 June 2018. The City of Nedlands' Roads, Drainage, Footpath, Parks, Gardens &amp; Reserves and Street Furniture asset classes were revalued at fair value by external valuers at 30 June 2018.</p> <p>Audit evaluated the professional competence and objectivity of the external valuers and the adequacy of the scope of their work. We are satisfied that the external valuers are suitably qualified, objective and experienced in undertaking this work.</p> <p>Audit procedures tested capital asset additions on a sample basis for accuracy to supporting documentation. Audit also reviewed the basis of the asset valuations (at fair value) undertaken and considered the judgements, assumptions and data used together with the reasonableness of any estimation techniques applied. Asset reconciliation schedules were verified against trial balance reported amounts.</p> <p>We have relied upon the values adopted by the external valuers.</p> <p>Results of the audit procedures conducted did not note any material misstatement of the Infrastructure asset classes.</p>

2	Revenue Recognition	<p>Accounting Standards for Revenue and Contributions recognition prevent Councils from recording unexpended untied grants as a liability instead of revenue (grants and contributions received in advance)</p> <p>Audit procedures included substantiation and verification of cut – off procedures and assessment of whether treatment of revenue is consistent with Accounting Standards AASB 118 <i>Revenue</i> and AASB 1004 <i>Contributions</i>.</p>
3	Contingent Liabilities	<p>Audit procedures included discussions with management, review of council minutes and solicitor’s representation letters to identify the possible existence of contingencies which may require disclosure in the financial statements.</p> <p>At this date, we are satisfied with the current disclosure in the financial report.</p>
4	Related Party Disclosures	<p>AASB 2015-6 Amendments to Australian Accounting Standards – Extends Related Party Disclosures to Not – for – Profit Public Sector Entities. The objective of this Standard was to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not – for-profit sector entities.</p> <p>Audit procedures included discussions with management and review of related party disclosure forms completed by the key management personal which includes Councillors.</p>

We are satisfied that these key areas of focus have been addressed appropriately based on our audit procedures and are properly reflected in the City of Nedlands’ financial report.

#### 4. Assessment of Internal Controls

Our interim phase of the audit indicated that the current internal control systems and processes are reasonable. They are designed adequately for City of Nedlands’ current business operations.

However, a separate Interim Audit Management Letter has been provided to management following our interim audit which provides details of the internal control and compliance matters raised.

Our follow up indicates that the management comments for the interim audit visit conducted during the financial year ended 30 June 2018 have been fully implemented.

## 5. Key Findings during Final Phase of Audit

During our audit planning procedures and risk identification process, we identified a number of key focus areas as outlined in Section 3 above. In addition, during the course of our year-end fieldwork, other accounting and audit issues were noted. Our consideration of these matters is set out below.

We request that the Audit Committee review the matters below and satisfy themselves that:

- there are no other matters of which you are aware that would impact these issues;
- there are no other significant issues that ought to be considered before recommending the adoption of the financial statements to the Council; and
- you concur with the resolution of the issue as described below.

1	Area: Asset Management Plans
Recommendation	
	<p>Given the significant work undertaken in the revaluation of the City of Nedlands' Infrastructure assets during the financial year ended 30 June 2018, we recommend that Asset Management Plans for each asset class be reviewed and updated with the most recently acquired data collected to ensure all future projections of required capital maintenance and upgrades remain reliable for strategic decision making purposes.</p> <p>We understand that the 10 year Asset Management Plan has not been updated and approved by the Council..</p> <p>Updated projections from the Asset Management Plans should be factored into the City of Nedlands' Long Term Financial Plan estimates to ensure appropriate planning for future funding requirements are appropriately planned for and known.</p>

## 6. Specific Required Communications

The Australian Auditing Standard ASA 260: “*Communication with Those Charged with Governance*” requires the auditor to communicate certain matters to the Audit Committee that may assist them in overseeing management’s financial reporting and disclosure process. Below we summarise these required communications as they apply to your organisation.

Reporting Requirement	Detailed Comments
Changes to Audit Approach Outlined in External Audit Plan	<ul style="list-style-type: none"> <li>➤ There were no changes to the audit approach outlined in the External Audit Plan.</li> </ul>
Significant accounting policies	<ul style="list-style-type: none"> <li>➤ Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Nedlands including new pronouncements adopted during the year, are described in notes to the financial statements.</li> <li>➤ There were no significant changes in the application of existing policies during the year ended 30 June 2018. The accounting policies adopted in the financial statements are appropriately disclosed.</li> </ul>
Sensitive Accounting Estimates and Disclosures	Refer to “Current Year of Audit Focus” section
Misstatements and significant audit adjustments	<ul style="list-style-type: none"> <li>➤ We are required to report to you all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature. In the context of the City of Nedlands, we consider that amounts of a value less than \$35,500 should be considered trivial. This represents 5% of materiality.</li> <li>➤ A few disclosure adjustments to the financial statements have been discussed and amended during the course of our audit.</li> <li>➤ A few financial adjustments have been raised through our audit work. The net effect of these misstatements was below our trivial error of \$ 35.500. Therefore, there are no unadjusted misstatements to report.</li> </ul>
Significant Weaknesses in Internal Controls	<ul style="list-style-type: none"> <li>➤ No significant weaknesses in internal control were identified. Refer to our Interim Audit Management Letter.</li> </ul>
Disagreements with management	<ul style="list-style-type: none"> <li>➤ There have been no significant disagreements with management during the course of the audit.</li> </ul>
Serious Difficulties Encountered in Dealing with Management when Performing the Audit such	<ul style="list-style-type: none"> <li>➤ There were no serious difficulties encountered in dealing with management when performing the audit.</li> </ul>

<p>as:</p> <ul style="list-style-type: none"> <li>• Significant delays in management providing required information</li> <li>• An unnecessarily brief time within which to complete the audit</li> <li>• Extensive unexpected effort required to obtain sufficient appropriate audit evidence</li> <li>• The unavailability of expected information</li> <li>• Restrictions imposed on the auditor by management</li> </ul>	
<p>Fraud and Illegal Acts</p>	<ul style="list-style-type: none"> <li>➤ We are not aware of any matters that require communication.</li> <li>➤ We would request that the Audit Committee members raise with us any areas of risk not addressed in our communications and that they inform us of their knowledge of any actual or suspected fraud.</li> </ul>
<p>Compliance with laws and regulations</p>	<ul style="list-style-type: none"> <li>➤ In performing our audit procedures, we have not become aware of any non-compliance with applicable laws or regulations.</li> <li>➤ We have also received representations from management confirming that the Council is in compliance with all laws and regulations that impact the Council.</li> </ul>
<p>Threshold to Capitalise Assets</p>	<ul style="list-style-type: none"> <li>➤ Currently the City of Nedlands' capitalisation threshold policy is to capitalise all capital assets in excess of \$ 2,000.</li> </ul> <p>However, with effect from 1 July 2018 in accordance with the amendment to the Local Government (Financial Management) Regulation 1996, which was gazetted on 26 June 2018, Council should capitalise assets in excess of \$ 5,000 only. Therefore, it needs to make a retrospective adjustment in the 2018/19 financial year in respect of capital assets costing less than \$ 5,000 which had been capitalised in the past as this change of accounting treatment results in a change in accounting policy.</p>
<p>Books and records and conduct of the audit</p>	<ul style="list-style-type: none"> <li>➤ We have been presented with all the necessary books and explanations requested of management to support the amounts and disclosures contained in the financial statements in a timely and efficient manner.</li> </ul>
<p>Other Information in Documents Containing Audited Financial Statements</p>	<ul style="list-style-type: none"> <li>➤ Our financial statement audit opinion relates only to the financial statements and accompanying notes.</li> <li>➤ However, we also review other information in the Annual Report, such as Management's Discussion and Analysis, for consistency with the audited financial statements. Once the annual report is prepared and provided to us, we will review the Annual Report for consistency between the audited financial statements and other sections of that document.</li> </ul>



Related Party Transactions	<ul style="list-style-type: none"> <li>➤ None of which we are aware other than what is disclosed in Note 22 to the financial statements.</li> </ul>
Major Issues Discussed with Management in Connection with Initial or Recurring Retention	<ul style="list-style-type: none"> <li>➤ Refer above.</li> </ul>
Going concern	<ul style="list-style-type: none"> <li>➤ As part of our audit, we have assessed and agreed with the conclusions reached by the management concerning the application of the going concern concept.</li> </ul>
Independence	<ul style="list-style-type: none"> <li>➤ We confirm that, as the date of this report, we are independent having regard to Macri Partners' policies, professional rules and relevant statutory requirements regarding auditor independence.</li> <li>➤ During the year ended 30 June 2018, Macri Partners has not provided any non-audit services to the City of Nedlands.</li> </ul>

## 7. Disclaimer

This report has been prepared for the Audit Committee and management of City of Nedlands only. It should not be quoted or referred to, in whole or in part, without our prior written consent. No warranty is given to, and no liability will be accepted from, any party other than the City of Nedlands.

## 8. Appendix 1 - Proposed Audit Opinion

### INDEPENDENT AUDITOR'S REPORT

#### TO: RATEPAYERS OF CITY OF NEDLANDS

#### Report on the Financial Report

#### *Opinion*

We have audited the financial report of **City of Nedlands** (the Council), which comprises the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity and Statement of Cash Flows and Rate Setting Statement for the year then ended, and a summary of significant accounting policies and other explanatory information and Statement by Chief Executive Officer.

In our opinion, the annual financial report of the **City of Nedlands** is:

- (i) based on proper accounts and records ; and
- (ii) fairly represents, in all material respects, the results of the operations of the Council for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not consistent with the Act, Australian Accounting Standards.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the auditor independence and ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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

## INDEPENDENT AUDITOR'S REPORT (Cont'd)

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

The Chief Executive Officer (CEO) of the Council is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

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

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

### Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## INDEPENDENT AUDITOR'S REPORT (Cont'd)

### Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, there are no matters that indicate significant adverse trends in the financial position or financial management practices of the Council.
- (b) In our opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions:
- (c) All required information and explanations were obtained by us.
- (d) All audit procedures were satisfactorily completed.

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

This auditor's report relates to the financial report of the **City of Nedlands** for the year ended 30 June 2018 included on the Council's website. Management is responsible for the integrity of the Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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**MACRI PARTNERS  
CERTIFIED PRACTISING ACCOUNTANTS  
SUITE 2, 137 BURSWOOD ROAD  
BURSWOOD WA 6100**

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**A MACRI  
PARTNER**

**PERTH  
DATED THIS 5<sup>TH</sup> DAY OF NOVEMBER 2018.**

### 7.3 Report on Interest Expense and Investment Income

<b>Owner</b>	City of Nedlands
<b>Officer</b>	Vanaja Jayaraman – Manager Financial Services
<b>Director</b>	Lorraine Driscoll – Director Corporate & Strategy
<b>Disclosure of Interest</b>	No officer involved in the preparation of this report had any interest which required it to be declared in accordance with the provisions of the Local Government Act (1995).
<b>Attachments</b>	1. Borrowings Report 2. Investments Report

#### Executive Summary

The report is presented to the Audit and Risk Committee to recommend additional reporting on interest expense and income to the Council as requested.

#### Recommendation to Committee

**The Audit and Risk Committee receives the Report and approves the additional reporting to the Council.**

#### Discussion/Overview

The City has been requested by Council at its meeting of 23<sup>rd</sup> October 2018 to provide additional reporting on the interest expense incurred as part of its borrowings and income earned from monies placed on deposit. At present Administration provides 2 reports as part of its monthly financial reporting to Council; 1 on borrowings showing the brought forward principal amount, additional borrowings, principal repayments and the balance as at end of the reporting month and a 2nd report on investments for reserves, and excess funds, showing the bank and investment details, together with the interest income as at end of the reporting month on each investment.

Both the above reports are attached.

Following the request of Council, the City's recommendation is to include the interest actual and budget expense in the borrowings report, which is highlighted in yellow in the Borrowings Report. Additionally, we will include the interest expense and income as part of the Report, providing any explanations for variance between the actuals and the budgets. Below is a sample the report to be included:

	YTD Actual September 2018 \$	YTD Budget September 2018 \$	Variance \$
Interest Income			
Interest Expense			
Nett Income/ (Expense)			

Based on the actual variance, the City will provide an explanation accordingly in the report.

**Key Relevant Previous Council Decisions:**

Nil

**Consultation**

Nil

**Budget/Financial Implications**

Nil

**BORROWINGS REPORT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

**Purpose**

Loan 178 - Waste Bins
Loan 179 - Road Infrastructures
Loan 181 - Building and Road Infrastructures
Loan 182 - Building
Loan 183 - Building
Loan 184 - Building
Loan 185 - Building
Loan 187 - Underground Power (CON)
Loan - Short Term Facility - Underground Power (W. Hollywood Res)
Loan 188 - Underground Power (W.Hollywood Res)
Loan 189 - Underground Power (Alfred & MTC Res)
Loan 190 - Underground Power (Alderbury Res)
Loan 191 - Building and Road Infrastructures

**Self Supporting Loans**

Loan 186 - Dalkeith Bowling Club

**Total**

Actual YTD 30th September 2018				
Principal 30-Jun-18 \$	New loans \$	Principal Repayment \$	Principal 30-Sep-18 \$	Interest \$
48,688	0	(24,162)	24,526	
764,036	0	(26,651)	737,385	
727,240	0	(55,835)	671,405	
888,399	0	(58,781)	829,618	
1,187,478	0	(38,564)	1,148,914	
1,047,101	0	(31,114)	1,015,987	
495,569	0	(14,726)	480,843	
3,081,977	0	(152,785)	2,929,192	
1,652,524	950,552	(2,603,076)	0	
0	0		0	
0	0		0	
0	0		0	
0	0		0	
9,893,012	950,552	(3,005,694)	7,837,870	
			0	
105,664	0		105,664	
			0	
<b>9,998,676</b>	<b>950,552</b>	<b>(3,005,694)</b>	<b>7,943,534</b>	

Budget 2018/19		
New loans \$	Principal 30-Sep-18 \$	Interest \$
0	0	
0	654,992	
0	498,901	
0	649,124	
0	1,031,606	
0	921,180	
0	435,974	
0	2,464,759	
950,552	0	
2,043,957	1,917,267	
191,550	179,677	
232,502	218,091	
1,000,000	1,000,000	
4,418,561	9,971,573	
0	92,445	
<b>4,418,561</b>	<b>10,064,018</b>	

**INVESTMENTS REPORT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

Particulars	Interest	Invest.	Maturity	Period	NAB	Westpac	ANZ	CBA	Total	Interest
	Rate	Date	Date	Days	*AA-/Stable/A-1+	*AA-/Stable/A-1+	*AA-/Stable/A-1+	*AA-/Stable/A-1+		YTD Accumulated
<b>RESERVE INVESTMENTS</b>										
City Development - Western Zone	2.38%	17-May-18	13-Nov-18	180				169,098.08	169,098.08	\$1,039.20
City Development - Western Zone	2.42%	24-Sep-18	23-Jan-19	121				201,699.32	201,699.32	\$1,269.89
North Street	2.74%	21-Sep-18	21-Jan-19	122	771,198.25				771,198.25	\$5,274.85
Welfare - General	2.42%	17-Sep-18	15-Jan-19	120				308,351.06	308,351.06	\$1,867.88
Welfare - NCC	2.36%	17-May-18	13-Nov-18	180				154,677.61	154,677.61	\$950.38
Welfare - PRCC	1.30%	N/A	N/A	N/A				15,413.46	15,413.46	\$19.72
Services - Tawarri 1	2.74%	21-Sep-18	21-Jan-19	122	66,089.89				66,089.89	\$452.04
Services General	2.47%	30-Aug-18	30-Jan-19	153	24,843.17				24,843.17	\$162.90
Services - Tawarri 2	2.50%	11-May-18	11-Nov-18	184			113,394.15		113,394.15	\$665.58
Insurance	2.50%	11-May-18	11-Nov-18	184			63,118.95		63,118.95	\$370.48
Undrground power	2.75%	2-Jul-18	2-Nov-18	123	488,744.23				488,744.23	\$3,294.23
Waste Management	2.38%	17-May-18	13-Nov-18	180				494,809.66	494,809.66	\$3,040.22
City Development - Swanbourne	2.42%	17-Sep-18	15-Jan-19	120				130,021.48	130,021.48	\$778.90
City Building - General	2.74%	21-Sep-18	21-Jan-19	122	473,105.58				473,105.58	\$3,235.95
City Building - PRCC	1.30%	N/A	N/A	N/A				25,605.08	25,605.08	\$32.17
Business system Reserve	2.46%	28-Aug-18	25-Jan-19	150	103,144.55				103,144.55	\$675.10
Public Art Reserves	2.46%	28-Aug-18	25-Jan-19	150	127,843.19				127,843.19	\$744.18
Waste Management Reserve	2.46%	28-Aug-18	25-Jan-19	150	353,623.70				353,623.70	\$1,824.22
City Development Reserve	2.46%	28-Aug-18	25-Jan-19	150	89,414.06				89,414.06	\$585.36
Building Replacement Reserve	2.46%	28-Aug-18	25-Jan-19	150	195,041.59				195,041.59	\$979.74
All ability play space	2.75%	2-Jul-18	2-Nov-18	123	95,543.50				95,543.50	\$643.50
Major projects	2.59%	29-Sep-18	29-Jan-19	122		1,611,446.72			1,611,446.72	\$11,446.72
<b>TOTAL RESERVE INVESTMENTS</b>					<b>2,788,591.71</b>	<b>1,611,446.72</b>	<b>176,513.11</b>	<b>1,499,675.75</b>	<b>6,076,227.30</b>	<b>\$39,353.24</b>
<b>MUNICIPAL INVESTMENTS</b>										
Muni Investment NS60	2.50%	30-Sep-18	31-Oct-18	31		1,016,974.72			1,016,974.72	\$6,312.38
Muni Investment #4 - WBC	2.75%	3-Aug-18	4-Feb-19	185		1,004,369.86			1,004,369.86	\$4,369.86
Muni Investment #5 - WBC	2.71%	20-Aug-18	20-Dec-18	122		1,003,044.11			1,003,044.11	\$3,044.11
Muni Investment #6 - WBC	2.66%	29-Aug-18	29-Jan-19	153		1,002,332.05			1,002,332.05	\$2,332.05
Muni Investment #1 - CBA	2.41%	27-Jul-18	25-Oct-18	90				1,004,291.78	1,004,291.78	\$4,291.78
Muni Investment #2 - CBA	2.41%	19-Sep-18	19-Nov-18	61				2,005,153.92	2,005,153.92	\$5,153.92
Muni Investment #7 - NAB	2.62%	30-Aug-18	28-Nov-18	90	1,503,337.81				1,503,337.81	\$3,337.81
Muni Investment #8 - ANZ	2.30%	29-Aug-18	30-Nov-18	93			1,002,016.44		1,002,016.44	\$2,016.44
Muni Investment #3 - CBA	2.46%	29-Aug-18	27-Nov-18	90				1,002,156.71	1,002,156.71	\$2,156.71
Muni Investment #9 - ANZ	2.30%	20-Aug-18	20-Nov-18	92			1,002,583.56		1,002,583.56	\$2,583.56
Muni Investment #10 - NAB	2.65%	6-Aug-18	5-Nov-18	91	1,003,993.15				1,003,993.15	\$3,993.15
Muni Investment #157 - ANZ										\$509.99
<b>TOTAL MUNICIPAL INVESTMENTS</b>					<b>2,507,330.96</b>	<b>4,026,720.75</b>	<b>2,004,600.00</b>	<b>4,011,602.40</b>	<b>12,550,254.11</b>	<b>\$40,101.77</b>
<b>TOTAL</b>					<b>5,295,922.67</b>	<b>5,638,167.47</b>	<b>2,181,113.11</b>	<b>5,511,278.15</b>	<b>18,626,481.41</b>	<b>\$79,455.01</b>



**8 Confidential Items**

**8.1 2018/19 Insurance Renewal**

Confidential report circulated to Committee Members.

**9 Date of next meeting**

The date of the next meeting of this Committee is to be advised.

**Declaration of Closure**

There being no further business, the Presiding Member will declare the meeting closed.