



City of Nedlands

Minutes

Audit & Risk Committee Meeting

14 November 2019

ATTENTION

This is a Committee which has only made recommendations to Council. No action should be taken on any recommendation contained in these Minutes. The Council resolution pertaining to an item will be made at the next Ordinary Meeting of Council following this meeting.

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City of Nedlands

Minutes of a meeting of the Audit & Risk Committee held in the Council Chambers at the City of Nedlands, 71 Stirling Highway, Nedlands on 14 November 2019 at 5.30 pm.

Declaration of Opening

The Chief Executive Officer declared the meeting open at 5.30 pm and drew 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)

Councillors	Her Worship the Mayor, C M de Lacy	
	Councillor A W Mangano	Dalkeith Ward
	Councillor B G Hodsdon	Hollywood Ward
	Councillor R Senathirajah	Melvista Ward
	Councillor L J McManus	Coastal Districts Ward

Staff	Mr M A Goodlet	Chief Executive Officer
	Mrs L M Driscoll	Director Corporate & Strategy
	Mrs N M Ceric	Executive Assistant to CEO & Mayor
	Ms A J Brett	Acting PA to Director Corporate & Strategy

Guests	Ms A Cheng	Moore Stephens
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Public	There were 2 members of the public present.
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Press	Nil.
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Leave of Absence (Previously Approved)	Nil.
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Apologies	Her Worship the Mayor, C M de Lacy
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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. Appointment of Chair

Mr Goodlet, Chief Executive Officer called for nominations for the Chair.

Nominations received.

1. Councillor McManus.

Councillor McManus was the only nomination, and was elected as the Chair of the Audit & Risk Committee, for the term ending immediately prior to the next Local Government Election in October 2021.

Councillor McManus assumed the Chair of the Audit & Risk Committee

2. 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.

Nil.

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

Nil.

4. Disclosures of Financial Interest

The Presiding Member reminded 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.

There were no disclosures of Financial Interest.

5. Disclosures of Interests Affecting Impartiality

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

There were no disclosures affecting impartiality.

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

Nil.

7. Confirmation of Minutes

7.1 Audit & Risk Committee Meeting 7 October 2019

Moved – Councillor Hodsdon
Seconded – Councillor Senathirajah

The minutes of the Audit & Risk Committee held 7 October 2019 be confirmed.

CARRIED UNANIMOUSLY 4/-

8. Matters for Which the Meeting May Be Closed

Council, in accordance with Standing Orders and for the convenience of the public, is to identify any matter which is to be discussed behind closed doors at this meeting, and that matter is to be deferred for consideration as the last item of this meeting.

Nil.

9. 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.

9.1 Review Audit and Risk Committee Terms of Reference & Appointment Community Members

Owner	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Director	Lorraine Driscoll - Director Corporate & Strategy
CEO	Mark Goodlet
Attachments	Mr Paul Setchell's CV – Confidential Attachment

Regulation 11(da) – Terms of Reference wording amended to reflect agreed actions and responsibilities of the Audit Risk Committee. The proposed new clause 4 was removed as the Local Government Act section 7.1A(4) does not allow for employees to be members of the Audit & Risk Committee.

Moved – Councillor Hodson

Seconded – Councillor Senathirajah

Committee Recommendation

That the Audit & Risk Committee:

- 1. adopts the Terms of Reference of the Audit & Risk Committee as per below with track changes subject to:**
 - a. under the heading “Meetings”:**
 - i. remove the proposed new clause 4 - The Committee’s Administrator will be non-voting member and an employee of the City. The Administrator’s responsibility is to serve as a secretariat to the Committee by preparing agendas and minutes and ensuring timely distribution to all members; to ensure that meetings are effectively organised and recorded; and to provide administrative support for the purposes of the Committee; and**
 - ii. in Clause 2, delete from words “As a minimum to the end of the third dot point;**
 - b. Under the heading “Membership” in Clause 7, add the word “Management” after the word “Risk”;**
 - c. Under the new heading “Reporting” change the word Annually to Quarterly.**
- 2. recommends to Council to appoint Mr Paul Setchell as Community Member on the Audit & Risk Committee; and**

3. readvertises for expressions of interest for a second community member and if no further expressions are received amends the

Membership in the Terms of Reference to allow the appointment of one (1) only non-Councillor Members, being residents of The City of Nedlands.

CARRIED UNANIMOUSLY 4/-

Recommendation to Committee

Council:

1. adopts the Terms of Reference of the Audit & Risk Committee as per below with track changes;
2. recommends to Council to appoint Mr Paul Setchell as Community Member on the Audit & Risk Committee; and
3. readvertises for expressions of interest for a second community member and if no further expressions are received amends the

Membership in the Terms of Reference to allow the appointment of one (1) only non-Councillor Members, being residents of The City of Nedlands.

Executive Summary

The purpose of this report is consider recommendations to amend the Terms of Reference and appoint Community Members for the Audit & Risk Committee.

Discussion/Overview

Background

The Audit and Risk Committee assists the Council to meet its statutory audit requirements under the Local Government Act 1995 and related regulations.

The purpose of the Audit and Risk Committee (the Committee) is to assist the Council to discharge its responsibilities with regard to the exercise of due care, diligence and skill in relation to:

1. the reporting of financial information, the application of accounting policies, and the management of the financial affairs of the City, and
2. the assessment of the adequacy of the management of Risk.

The terms of reference set out the scope of the Committee, its membership, staff support and meetings.

The appointment of elected members to the Committee were confirmed at the Special Council meeting of 5 November 2019 for a Committee for a period ending immediately prior to the next Local Government elections in 2021. It is current practice for the first meeting of the Committee to review the terms of reference and if necessary recommend changes for Council's consideration.

The CEO called for expressions of interest for Community Members by way of advertising in the POST Newspaper and the submission period closed on the 28th October 2019 and no expressions of interest were received.

In response to an advertisement in the local press, Administration received one expression of interest from Residents.

The following nomination from residents are presented for consideration:

- Mr Paul Setchell.

A copy of Mr Setchell's CV has been provided to Council Members under confidential cover.

Two options are presented in the recommendation either the City readvertises for expressions of interest for an additional Community Member or alternatively the Committee amends the membership in the terms of reference to allow the appointment of one (1) non-Councillor Members, being residents of The City of Nedlands.

Consultation

Required by legislation: Yes No
Required by City of Nedlands policy: Yes No

All committees are requested to review the terms of reference at their first meeting and to make recommendation to Council for any changes.

Legislation / Policy

Section 5.8 of the Local Government Act 1995 sets out the requirements for the appointment of committees.

Budget/Financial Implications

Within current approved budget: Yes No
Requires further budget consideration: Yes No

The there are no financial impacts with this proposal.

Risk Management

The Committee assists the Council to meet its obligations for financial management and risk.

Terms of Reference of Audit & Risk Management Committee

Purpose

This Committee is established by Council in accordance with the Local Government Act 1995, part 7, to assist the Council under Regulation 16 of the Local Government (Audit) Regulations 1995 to discharge its responsibilities with regard to the exercise of due care, diligence and skill in relation to:

- The reporting of financial information, the application of accounting policies, and the management of the financial affairs of the City,
- The assessment of the adequacy of the management of Risk.

Scope

Local Government (Audit) Regulations 1995

Regulation 16 - Functions of audit committee

An audit committee has the following functions —

- (a) to guide and assist the local government in carrying out —
 - (i) its functions under Part 6 of the Act; and
 - (ii) its functions relating to other audits and other matters related to financial management;
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;
- (c) to review a report given to it by the CEO under regulation 17(3) (the **CEO's Report**) and is to —
 - (i) report to the council the results of that review; and
 - (ii) give a copy of the CEO's report to the council;
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
 - (i) regulation 17(1); and
 - (ii) the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- (f) to oversee the implementation of any action that the local government —
 - (i) is required to take by section 7.12A(3); and
 - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and

- (iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and
 - (iv) has accepted should be taken following receipt of a report of a review conducted under the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.

The committee shall have as its primary duties and responsibilities the following tasks:

Audit

1. To consider and approve the brief for the provision of audit services;
2. To evaluate the responses to the request for the provision of audit services and to make a recommendation to Council on the appointment of an auditor;
3. To meet with Council's external auditors and review the Audit Plan prior to the conduct of the interim audit each year;
4. To ensure that the audit is being conducted in accordance with the brief and the terms of appointment and that matters of concern to the Council and/or the Committee are being addressed;
5. Ensure that the Council's financial affairs and systems and processes are being managed and reported in accordance with statutory requirements and Australian Accounting Standards;
6. Ensure that relevant financial information is reported to Council in a form that meets the needs and expectations of Council, clearly setting out the key relevant financial data, such that the Council can confidently understand the financial performance of the Council's affairs;
7. Review the audit report and make appropriate recommendations to Council; and
8. Where appropriate and with the approval of Council seek advice and/or assistance in relation to matters pertaining to the audit or financial affairs of the City.
9. Monitor the implementation of the Audit Management Plan.

Risk Management

1. At least once every year consider a report in relation to the management of risk within the City of Nedlands and satisfy itself that appropriate controls and processes are in operation and are adequate for dealing with the risks that impact on the City.

Replace the above with the following:

“Twice yearly consider a report in relation to the management of risk within the City of Nedlands and satisfy itself that appropriate controls and processes are in operation and are adequate for dealing with the risks that impact on the City.”

2. To address any specific requests referred to it from Council in relation to issues of risk and risk management.
3. Monitor the implementation of the Strategic Risk Management Plan.

Membership

1. The membership of the committee shall comprise the Mayor and one Councillor from each ward with the Councillors being determined by nomination and if necessary, a ballot conducted at a Council Meeting and up to two non-Councillor Members, being residents of The City of Nedlands.
2. Council will appoint one Councillor from each ward as deputy members of the committee.
3. If a vacancy on the committee occurs for whatever reason, then Council shall appoint a replacement in accordance with the same arrangements as for the original appointment.
4. The term of the presiding member and committee members will expire immediately prior to the next ordinary Council election.
5. The presiding member shall be determined by election amongst the members of the committee. The election will take place at the first meeting following the reconstitution of the committee after each ordinary Council election. The Mayor is eligible to vote for a presiding member but is not eligible to sit as the presiding member.
6. Should the elected presiding member not be present during a meeting of the committee then a temporary presiding member shall be elected in accordance with 5 above.
7. Community members shall have appropriate qualifications in Audit and / or Risk.

Add the following clause:

8. If a Committee member is unable to attend a meeting, an apology or an approved leave of absence is required. The Committee may resolve to relinquish membership after three or more unexcused absences.

Staff

The following staff will attend committee meetings to provide technical support and advice:

- Chief Executive Officer
- Director of Corporate & Strategy
- Manager Financial Services

Other staff may attend committee meetings when requested by the Committee through the Chief Executive Officer.

Invitees/Attendees

The Committee may invite relevant persons to attend and address or advise the committee, within the ambit of its scope and where necessary with the approval of Council (eg if authorisation of funding is required), as it sees fit including but not limited to:

- The external auditor or his/her representative
- Internal auditors
- Relevant consultants

Meetings

1. The Council Committee operates under the Council's Standing Orders Local Law.
2. The Committee shall have flexibility in relation to when it needs to meet, but as a minimum shall meet twice a year. (Replace the first sentence with "The Committee shall formally meet at least quarterly. A schedule of meetings will be developed and agreed to by the members. Additional meetings may be called by the Presiding member.") It is the responsibility of the presiding member to call the meetings of the committee. As a minimum the following business shall be conducted either at each or collectively over the two meetings:
 - Meet with the internal auditor with regards to the Audit Plan
 - Consider a report in relation to the management of risk and review the insurance requirements of the City of Nedlands
 - Meet with the auditor with regards to the Annual Audit and the issue of the interim and/or final Audit Report
3. The quorum for a meeting will be 50% of the offices of the Audit & Risk Committee as per section 5.19 of the Local Government Act 1995.

Add the following clause:

4. The Committee's Administrator will be non-voting member and an employee of the City. The Administrator's responsibility is to serve as a secretariat to the Committee by preparing agendas and minutes and ensuring timely distribution to all members; to ensure that meetings are effectively organised and recorded; and to provide administrative support for the purposes of the Committee.

Include a new heading and add the following:

Reporting

The Committee shall report annually to the Council summarising its activities during the previous financial year.

Delegated Authority

The Audit and Risk Committee will have delegated authority to meet with the auditor in accordance with Section 7.12A(2) of the Local Government Act 1995.

9.2 Office of the Auditor General – Exit Meeting and Financial Statement Finalisation

Owner	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Director	Lorraine Driscoll – Director Corporate & Strategy
CEO	Mark Goodlet
Attachments	Nil

Regulation 11(da) – Not Applicable – Recommendation Adopted

Moved – Councillor Mangano
 Seconded – Councillor Hodsdon

That the Recommendation to Committee be adopted.
 (Printed below for ease of reference)

CARRIED UNANIMOUSLY 4/-

Committee Recommendation / Recommendation to Committee

The Audit and Risk Committee receives the verbal update.

Executive Summary

The auditors have requested to meet with the Audit & Risk Committee members and the relevant staff members the at 3pm – 4pm on 14 November to discuss the audit of the financial statement for the year ended 30 June 2019.

Discussion/Overview

It is the norm for the auditors to attend the Audit and Risk Committee meeting wherein the Audited Financial Report, Audit opinion and Audit Completion report are discussed. The auditors being unable to attend the Audit and Risk Committee meeting have requested for an Exit meeting to discuss matters arising from the audit, their audit opinion and actions for next year’s audit. This meeting will be held at 3pm to 4pm on 14th November 2019. It is envisaged that not all councillors are able to attend this meeting and hence the Director Corporate & Strategy will provide a verbal update on the matters discussed at this meeting.

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.

9.3 Annual Financial Statements for year ended 30 June 2019

Owner	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Director	Lorraine Driscoll - Director Corporate & Strategy
CEO	Mark Goodlet
Attachments	1. Draft 2018 – 2019 Annual Financial Report 2. Draft Audit Opinion 3. Audit Completion Report 4. Audit Representation Letter

Regulation 11(da) – Not Applicable – Recommendation Adopted

Moved – Councillor Senathirajah
Seconded – Councillor Hodsdon

That the Recommendation to Committee be adopted.

(Printed below for ease of reference)

CARRIED UNANIMOUSLY 4/-

Committee Recommendation / Recommendation to Committee

That the Committee recommends to Council:

- 1. that it accepts the Financial Report for the City of Nedlands for the year ended 30 June 2019 comprising the Financial Report and the Auditor's Report; and**
- 2. that it accepts the 2019 Audit Completion report as presented.**

Executive Summary

The Annual Financial Report for the year ended 30 June 2019, including Auditor's Report and the Audit Completion Report by The Auditor General, 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.

The Audit Representation Letter is also presented for its review.

Discussion/Overview

Background

Section 6.4 of the Local Government Act 1995 requires a Local Government to prepare an Annual Report Report in the manner and form prescribed and by 30 September submit to its Auditor the accounts balanced up to the last day of the preceding year and the annual financial report.for each financial year.

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 2019 including the Independent Auditor's Report.

The Financial Report comprising the Annual Financial Statements for the year ended 30 June 2019 was completed and submitted to Council's Auditor on 17 September 2019 who completed their audit in November 2019.

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 2018/19 financial year with a surplus net result in the Statement of Comprehensive Income of \$2,493,592 compared to the adopted budget deficit of \$594,370. 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 \$36,900,467 compared to the budget of \$33,607,060, which represents an increase of \$3,293,407 (9.80%).
2. Rates levied were \$332,483 (1.44%) higher than budget due to increased revenue from interim rates.
3. Operating Grants & Contributions received was \$505,513 (31.18%) higher than budget. This was mainly due to the receipt of \$555,076 operating grants for 2019/20 which was received in advance in this financial year and therefore recorded as income in 2018/19.
4. Fees and Charges raised were higher than budget by \$441,836 (6.74%). The higher income was due to increased course fees, Point Resolute Child Care fees and Planning fees.
5. Service charges for the Hollywood underground power project were higher than budget by \$2,246,530 (193.68%) due to higher uptake of up-front payment and inclusion of revenue from future instalments receivable.
6. Interest income from investments were higher by \$65,924 (11.37%) than budget due to improved cashflow management during the year.
7. Other Revenue was lower than the budget by \$298,879 (53.21%). This was largely due to the certain WESROC Projects not undertaken and therefore less amounts were invoiced to the member councils in 2018/19 financial year.

Operating Expenses

1. Operating expenses for the year were \$30,585,391 compared to the budget of \$34,843,085, a decrease of \$4,257,694 (12.22%).
2. Employee costs was lower by \$129,371 (0.96%) compared to the budget. This is mainly due to increased cost control measures by management and delay in replacing staff immediately upon resignation.
3. Materials and Contracts costs decreased by \$1,374,360 (11.13%) 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. The Hollywood underground power project cost was less than budgeted and Western Power subsequently refunded the City \$750,906.

4. Interest charges was lower by \$79,743 (21.05%) due to a higher uptake of up-front payments for the underground power project compared to instalments, thus reducing the borrowings to fund the project. Further due to a lower capital works completed the City did not require the budgeted borrowings of \$1 million for capital works.

Capital Income

During the financial year, the City received lower non-operating grants, subsidies and contributions by \$1,459,302 (37.94%) due to lower grants received for the following projects:

Projects	(\$)
Safe Active Street	530,000
Birdwood Parade	172,000
All Abilities Play Space	168,000
Various Parks Projects	255,500
Various Footpath Rebalitation	148,619

Capital Works

During the financial year the City spent \$9,679,074 in carrying out its Capital Works program of which \$7,619,246 was spent on improving infrastructure assets – roads, footpaths, drainage, parks and gardens and \$2,059,828 was spent on upgrading and renovating the City’s buildings and purchase of plant and equipment.

The 2018/19 capital budget was \$13,885,100, of which \$11,316,100, was for improving infrastructure assets and \$2,569,000 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 2019/20 financial year and have been re-budgeted in the 2019/20 Budget adopted in June 2019, which include the following:

Projects	(\$)
Stirling Highway	
Projects	

The following projects were completed below budget due to improved project management leading to cost savings

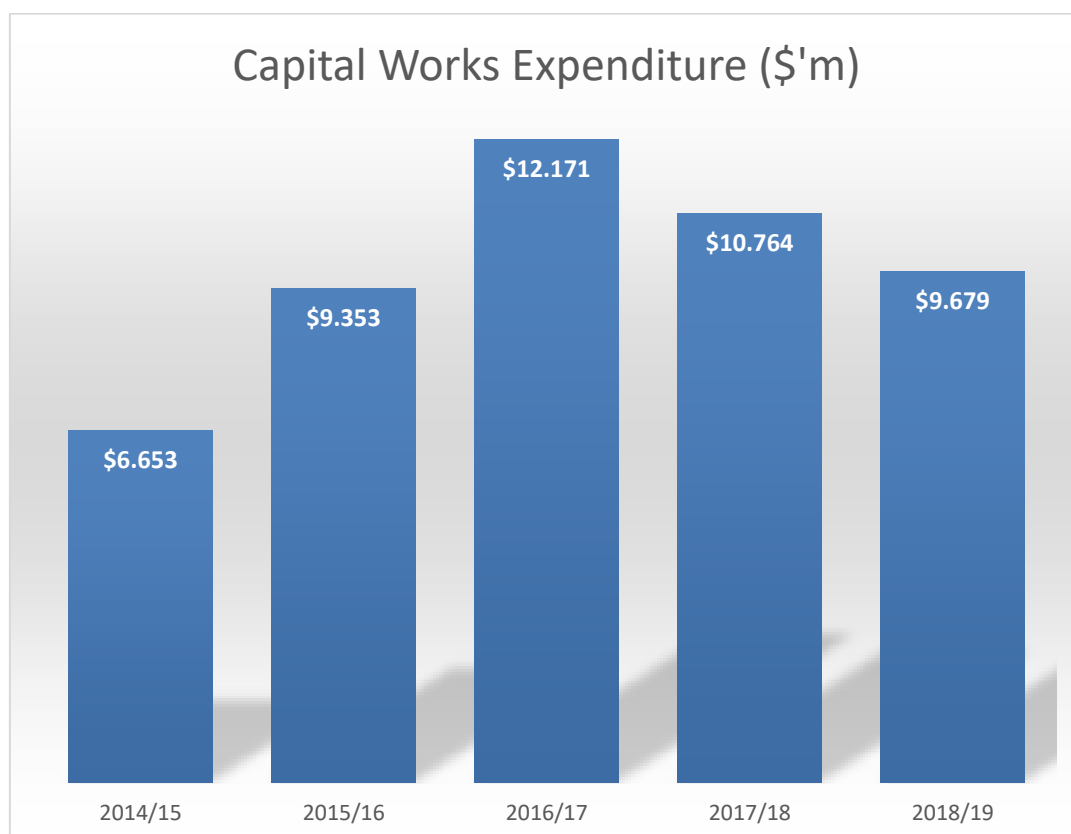
Projects	(\$)
All Abilities Play Space	178,000

The following projects were not carried out in 2018/19 due to change in external factors:

Projects	(\$)
Footpath Rehabilitation – Waratah Avenue	414,900
Hackett Hall Renovation	210,000
College Park Irrigation Upgrade	432,480
St John’s Wood Blv – Playground	136,000

Of the total funds expended on capital works, \$2,386,090 were funded from grants and contributions and the balance of \$7,292,984 was funded from 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 2019 was \$8,170,423 compared to \$5,097,698, an increase of \$3,072,725 (60.28%). This is due to bonds and retention amount of \$1,874,670 being accounted for as part of City’s restricted funds and Term Deposits increased by \$2,296,460 due to change in classification of deposits placed for more than 90 days.

Receivables

The increase in Receivables in 2018/19 of \$2,208,421 compared to the previous year. This is mainly due to a refund receivable from Western Power of \$750,509, service charges on instalments of \$874,254 accounted for upfront in 2019 and increased GST receivable due to increase in trade payables. As a %, the rates outstanding compared to rates revenue for this financial year is 3.97% compared to 3.55% for the previous financial year, a slight increase due to interim rates being levied later in the financial year.

Payables

The increase in payables of \$2,695,742 was as a result of the change in the accounting treatment of bonds and deposits which in previous years were excluded from the financial statement but effective 2018/19 are being included in the financial statements. The amount of bonds and deposits held at year end was \$1,874,670. Furthermore, large amounts of capital works were completed towards the end of financial year which resulted in an increased sundry creditors of \$520,178. \$234,603 of the refund from Western Power was set aside as a liability as this amount is refundable to the affected owners.

Borrowings

The City had additional long term borrowing of \$806,734 for the underground power project. However, the City managed to finance all capital works without having to borrow the \$1 million budgeted for that purpose. As at 30 June 2019, the City had total borrowings of \$7,555,716 after principal repayment of \$1,597,168 compared to 2017/18 total borrowings of \$8,346,150.

The short term borrowings of \$1,652,524 as at 30 June 2018 was fully repaid during 2018/19 financial year.

Financial Performance Indicators

The Financial Ratios in Note 37 to the accounts give an overview of the financial performance of the City in 2018/19 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	2019	2018	2017
Liquidity - Current Ratio	>1.00	0.98	0.85	1.31
Debt Ratio - Debt Service Cover Ratio	>2.00	5.61	1.83	6.44
Coverage Ratio - Own Source Revenue Coverage	>40%	114%	84%	94%
Financial Performance -	>1%	18%	-12%	2%
Asset Management Ratios - Asset	>90-110%	233%	145%	165%
Asset Consumption Asset	>50%	58%	57%	67%
Asset Renewal Funding	75-95%	92%	86%	88%

The current ratio is slightly below the target of >1.00 due to increased capital works completed in June, increasing the accounts payable by \$745,000.

Audit Report

The Auditor General has 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.

The Auditor General has made the following comments in their Report on Other Legal and Regulatory Requirements:

- (i) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law were identified during the course of my audit:
 - (a) The City has continued to procure goods and services from two suppliers after the contract expiry, without a valid extension.
 - (b) Although accounting journal entries are approved in a record-keeping system before being entered in the accounting system, there is no independent review of journals that have been input to the accounting system. This could result in unauthorised journals being posted in the accounting system without detection.

In relation to (a) above, further explanation is provided as follows:

- The City has continued to procure goods and services without a valid contract between 30th June 2018 and 26th February 2019. The goods and services related to maintenance of natural areas and the supplier was formally approved by Council on 26th February 2019, with a value of \$59,500
- The second supply was with the City's Insurance Broker for a value of \$22,500 per annum. This contract was extended at a formal contract renewal meeting with the supplier, - all terms and formalities were agreed by both parties at this meeting.

In relation to (b) above, the City has subsequently amended the journal entry process to include a check by an independent officer on the journal entered in the accounting system.

Risk Management

Not applicable.

CITY OF NEDLANDS
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

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COMMUNITY VISION

Our City's 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 2019**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 14th day of November 2019

Chief Executive Officer

Mark Goodlet

Name of Chief Executive Officer

CITY OF NEDLANDS
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	28(a)	23,459,523	23,127,040	22,492,209
Operating grants, subsidies and contributions	2(a)	2,126,813	1,621,300	2,049,363
Fees and charges	2(a)	6,998,936	6,557,100	6,937,496
Service charges	28(c)	3,406,430	1,159,900	0
Interest earnings	2(a)	645,924	580,000	583,828
Other revenue		262,841	561,720	572,726
		36,900,467	33,607,060	32,635,622
Expenses				
Employee costs		(13,373,742)	(13,503,113)	(12,896,982)
Materials and contracts		(10,971,507)	(12,345,867)	(14,380,196)
Utility charges		(868,508)	(828,500)	(936,522)
Depreciation on non-current assets	11(b)	(3,999,335)	(6,691,600)	(5,988,203)
Interest expenses	2(b)	(299,062)	(378,805)	(275,890)
Insurance expenses		(334,926)	(311,000)	(304,537)
Other expenditure		(738,311)	(784,200)	(755,181)
		(30,585,391)	(34,843,085)	(35,537,511)
		6,315,076	(1,236,025)	(2,901,889)
Non-operating grants, subsidies and contributions	2(a)	2,386,090	3,845,392	2,609,259
Profit on asset disposals	11(a)	57,230	88,329	495,645
Loss on asset disposals	11(a)	(46,823)	(33,937)	(40,325)
Fair value adjustments to financial assets at fair value through profit or loss	8(b)	16,403	0	(11,942)
Loss on revaluation of Infrastructure - Parks, Gardens and Reserves	10(b)	0	0	(1,232,307)
		2,412,900	3,899,784	1,820,330
		8,727,976	2,663,759	(1,081,559)
Net result for the period				
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	0	0	(54,450,333)
		0	0	(54,450,333)
Total other comprehensive income for the period				
		8,727,976	2,663,759	(55,531,892)
Total comprehensive income for the period				

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

CITY OF NEDLANDS
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
	2(a)			
Governance		256,684	425,493	378,143
General purpose funding		25,000,040	24,210,140	23,931,487
Law, order, public safety		493,028	483,000	508,334
Health		63,204	59,000	90,478
Education and welfare		1,915,442	1,734,900	1,784,314
Community amenities		3,768,226	3,658,100	3,644,722
Recreation and culture		863,721	730,900	975,496
Transport		84,831	73,671	167,912
Economic services		980,971	1,001,500	1,007,763
Other property and services		3,474,321	1,230,356	146,973
		36,900,468	33,607,060	32,635,622
Expenses				
	2(b)			
Governance		(2,260,384)	(3,085,872)	(2,230,139)
General purpose funding		(692,359)	(372,678)	(384,077)
Law, order, public safety		(1,025,572)	(999,276)	(1,019,920)
Health		(659,400)	(708,336)	(692,569)
Education and welfare		(2,371,404)	(2,472,028)	(2,330,690)
Community amenities		(4,234,334)	(4,447,526)	(4,339,304)
Recreation and culture		(8,247,611)	(9,155,060)	(8,455,732)
Transport		(4,393,161)	(6,086,063)	(6,110,814)
Economic services		(5,094,579)	(5,001,238)	(4,911,487)
Other property and services		(1,307,526)	(2,136,203)	(4,786,889)
		(30,286,329)	(34,464,280)	(35,261,621)
Finance Costs				
	2(b)			
Community amenities		(104,454)	(175,807)	(40,515)
Recreation and culture		(151,740)	(157,539)	(186,114)
Transport		(42,868)	(45,459)	(49,261)
		(299,062)	(378,805)	(275,890)
		6,315,076	(1,236,025)	(2,901,889)
Non-operating grants, subsidies and contributions	2(a)	2,386,090	3,845,392	2,609,259
Profit on disposal of assets	11(a)	57,230	88,329	495,645
Loss on disposal of assets	11(a)	(46,823)	(33,937)	(40,325)
Fair value adjustments to financial assets at fair value through profit or loss	8(b)	16,403	0	(11,942)
Loss on revaluation of Infrastructure - Parks, Gardens and Reserves	10(b)	0	0	(1,232,307)
		2,412,900	3,899,784	1,820,330
		8,727,976	2,663,759	(1,081,559)
Net result for the period				
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	(54,450,333)
		0	0	(54,450,333)
Total other comprehensive income for the period				
		8,727,976	2,663,759	(55,531,892)
Total comprehensive income for the period				

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

CITY OF NEDLANDS
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019

	NOTE	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	3	8,170,423	5,097,698
Trade receivables	5	2,428,507	999,600
Other financial assets at amortised cost	8(a)	4,860,495	6,037,348
Other loans and receivables	8(a)	13,630	13,219
Inventories	6	15,727	31,936
Other current assets	7	170,830	186,333
TOTAL CURRENT ASSETS		15,659,612	12,366,134
NON-CURRENT ASSETS			
Trade receivables	5	1,227,236	447,722
Financial assets at fair value through profit and loss	8(b)	140,137	123,734
Other loans and receivables	8(b)	78,815	92,445
Property, plant and equipment	9	345,984,718	345,708,041
Infrastructure	10	87,638,048	82,571,683
TOTAL NON-CURRENT ASSETS		435,068,954	428,943,625
TOTAL ASSETS		450,728,566	441,309,759
CURRENT LIABILITIES			
Trade and other payables	13	4,782,262	2,086,520
Short term borrowings	14	0	1,652,524
Borrowings	15(a)	1,693,964	1,597,168
Employee related provisions	16	2,274,759	2,027,291
TOTAL CURRENT LIABILITIES		8,750,985	7,363,503
NON-CURRENT LIABILITIES			
Borrowings	15(a)	5,861,752	6,748,982
Employee related provisions	16	474,196	337,618
Other payables	13	54,001	0
TOTAL NON-CURRENT LIABILITIES		6,389,949	7,086,600
TOTAL LIABILITIES		15,140,934	14,450,103
NET ASSETS		435,587,632	426,859,656
EQUITY			
Retained surplus		75,945,610	67,275,653
Reserves - cash backed	4	6,095,369	6,037,350
Revaluation surplus	12	353,546,653	353,546,653
TOTAL EQUITY		435,587,632	426,859,656

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

CITY OF NEDLANDS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2017		69,877,931	4,516,631	407,996,986	482,391,548
Comprehensive income					
Net result for the period		(1,081,559)	0	0	(1,081,559)
Other comprehensive income	12	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		(1,520,719)	1,520,719	0	0
Balance as at 30 June 2018		67,275,653	6,037,350	353,546,653	426,859,656
Comprehensive income					
Net result for the period		8,727,976	0	0	8,727,976
Transfers from/(to) reserves		(58,019)	58,019	0	0
Balance as at 30 June 2019		75,945,610	6,095,369	353,546,653	435,587,632

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

CITY OF NEDLANDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		23,327,006	23,107,040	22,520,373
Operating grants, subsidies and contributions		2,126,813	1,657,633	2,128,475
Fees and charges		5,957,117	6,557,100	6,937,497
Service charges		2,959,234	1,159,900	0
Interest received		645,924	580,000	583,828
Goods and services tax received		1,496,613	0	2,037,872
Other revenue		262,841	561,720	572,725
		36,775,548	33,623,393	34,780,770
Payments				
Employee costs		(12,924,696)	(13,438,113)	(12,792,287)
Materials and contracts		(8,560,451)	(12,146,071)	(15,270,655)
Utility charges		(868,508)	(828,500)	(936,522)
Interest expenses		(297,770)	(378,805)	(267,831)
Insurance paid		(334,926)	(311,000)	(304,537)
Goods and services tax paid		(1,779,393)	0	(2,019,017)
Other expenditure		(738,311)	(784,200)	(755,181)
		(25,504,055)	(27,886,689)	(32,346,030)
Net cash provided by/(used in) operating activities	17	11,271,493	5,736,704	2,434,740
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(2,059,828)	(2,569,000)	(1,551,646)
Payments for construction of infrastructure		(7,619,246)	(11,316,100)	(9,212,125)
Payments for financial assets at amortised cost		1,176,852	0	(470,000)
Non-operating grants, subsidies and contributions		2,386,090	3,845,392	2,609,259
Proceeds from sale of property, plant & equipment		347,103	3,790,001	2,067,571
Net cash provided by/(used in) investment activities		(5,769,029)	(6,249,707)	(6,556,941)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of short term borrowings		(2,603,076)	(2,603,076)	0
Repayment of borrowings		(1,597,168)	(1,750,142)	(1,135,626)
Proceeds from new short term borrowings		950,552	950,552	1,652,524
Proceeds from new borrowings		806,734	3,468,009	3,233,761
Proceeds from self supporting loans		13,219	13,219	15,966
Net cash provided by (used In) financing activities		(2,429,739)	78,562	3,766,625
Net increase (decrease) in cash held		3,072,725	(434,441)	(355,577)
Cash at beginning of year		5,097,698	11,002,703	5,453,274
Cash and cash equivalents at the end of the year	17	8,170,423	10,568,262	5,097,698

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

CITY OF NEDLANDS
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	29 (b)	2,201,758	1,352,512	2,965,451
		2,201,758	1,352,512	2,965,451
Revenue from operating activities (excluding rates)				
Governance		256,684	425,493	831,052
General purpose funding		1,556,920	1,083,100	1,439,279
Law, order, public safety		493,028	483,000	508,334
Health		63,204	59,000	90,478
Education and welfare		1,915,442	1,740,182	1,788,496
Community amenities		3,768,227	3,658,100	3,647,289
Recreation and culture		863,721	730,900	979,132
Transport		84,831	73,671	167,912
Economic services		980,971	1,001,500	1,012,672
Other property and services		3,531,551	1,313,403	174,418
		13,514,579	10,568,349	10,639,062
Expenditure from operating activities				
Governance		(2,260,384)	(3,087,343)	(2,242,082)
General purpose funding		(692,359)	(372,678)	(384,077)
Law, order, public safety		(1,025,572)	(999,276)	(1,019,920)
Health		(659,400)	(708,336)	(692,569)
Education and welfare		(2,371,404)	(2,472,029)	(2,330,690)
Community amenities		(4,338,788)	(4,623,333)	(4,379,819)
Recreation and culture		(8,399,351)	(9,312,718)	(8,642,119)
Transport		(4,436,029)	(6,131,522)	(6,169,692)
Economic services		(5,094,579)	(5,001,238)	(4,911,487)
Other property and services		(1,354,349)	(2,168,549)	(6,049,631)
		(30,632,215)	(34,877,022)	(36,822,086)
Non-cash amounts excluded from operating activities	29(a)	3,383,590	6,627,208	6,768,157
Amount attributable to operating activities		(11,532,288)	(16,328,953)	(16,449,416)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		2,386,090	3,845,392	2,609,259
Proceeds from disposal of assets	11(a)	347,103	3,790,001	2,067,571
Purchase of property, plant and equipment	9(b)	(2,059,828)	(2,569,000)	(1,551,646)
Purchase and construction of infrastructure	10(b)	(7,619,246)	(11,316,100)	(9,212,125)
Amount attributable to investing activities		(6,945,881)	(6,249,707)	(6,086,941)
FINANCING ACTIVITIES				
Repayment of short term borrowings		(2,603,077)	(2,603,077)	0
Proceeds from short term borrowings		950,552	950,552	1,652,524
Repayment of borrowings	15(b)	(1,597,168)	(1,750,142)	(1,135,626)
Proceeds from borrowings	15(c)	806,734	3,468,009	3,233,761
Proceeds from self supporting loans	15(b)	13,219	13,219	15,966
Transfers to reserves (restricted assets)	4	(775,390)	(4,466,816)	(2,725,083)
Transfers from reserves (restricted assets)	4	717,369	3,245,505	1,204,364
Amount attributable to financing activities		(2,487,761)	(1,142,750)	2,245,906
Surplus/(deficit) before imposition of general rates		(20,965,931)	(23,721,410)	(20,290,451)
Total amount raised from general rates	28	23,459,523	23,127,040	22,492,209
Surplus/(deficit) after imposition of general rates	29(b)	2,493,592	(594,370)	2,201,758

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

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

1. BASIS OF PREPARATION

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

In previous years, all bonds and deposits were held as trust money as stated in Note 31. From this year, all bonds and deposits not required by legislation to be held in trust are included in restricted cash in Note 3 and shown as current liability in Note 13.

CITY OF NEDLANDS
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	48,027	10,000	3,816
General purpose funding	472,819	376,100	444,027
Law, order, public safety	28,678	30,000	27,420
Education and welfare	1,089,830	1,046,900	1,091,390
Community amenities	0	0	218
Recreation and culture	85,464	43,300	51,391
Transport	291,049	85,000	386,910
Economic services	110,946	30,000	44,191
	2,126,813	1,621,300	2,049,363
Non-operating grants, subsidies and contributions			
Recreation and culture	905,430	1,568,500	1,546,613
Transport	1,480,660	2,276,892	1,062,646
	2,386,090	3,845,392	2,609,259
	4,512,903	5,466,692	4,658,622

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 27. 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 for the current reporting period.

CITY OF NEDLANDS
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Fees and Charges			
Governance	80,305	77,100	82,028
General purpose funding	130,644	127,000	121,899
Law, order, public safety	464,350	453,000	480,414
Health	62,538	58,000	89,783
Education and welfare	823,612	686,000	689,123
Community amenities	3,754,179	3,658,100	3,647,286
Recreation and culture	748,703	679,300	904,152
Transport	84,869	77,000	69,676
Economic services	787,574	703,600	756,962
Other property and services	62,162	38,000	96,173
	6,998,936	6,557,100	6,937,496

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

Interest earnings

Loans receivable - clubs/institutions	3,066	3,093	4,424
Reserve accounts interest	157,890	85,600	104,928
Rates instalment and penalty interest (refer Note 28(f))	205,459	191,000	197,972
Other interest earnings	279,509	300,307	276,504
	645,924	580,000	583,828

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (Continued)

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

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report	10,000	35,000	19,500
- Other services - Audit of Projects	2,180	3,000	2,850
	12,180	38,000	22,350

Interest expenses (finance costs)

Borrowings (refer Note 15(b))	299,062	378,805	275,890
	299,062	378,805	275,890

Rental charges

- Operating leases	65,676	84,854	87,106
	65,676	84,854	87,106

CITY OF NEDLANDS
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		3,849,110	3,072,845
Term deposits		4,321,313	2,024,853
		<u>8,170,423</u>	<u>5,097,698</u>
Comprises:			
- Unrestricted cash and cash equivalents		4,102,077	4,374,924
- Restricted cash and cash equivalents		4,068,346	722,774
		<u>8,170,423</u>	<u>5,097,698</u>
Cash at bank and on hand			
Comprises:			
- Unrestricted cash		1,015,638	2,350,071
The following restrictions have been imposed by regulations or other externally imposed requirements:			
- Restricted cash			
Unspent grants/contributions	27	958,802	336,489
Bonds and retentions funds	13	1,874,670	0
Unspent loans	15(d)	0	386,285
		<u>2,833,472</u>	<u>722,774</u>
Total cash at bank and on hand		<u>3,849,110</u>	<u>3,072,845</u>
Term deposits			
Comprises:			
- Unrestricted term deposits		3,086,439	2,024,853
The following restrictions have been imposed by regulations or other externally imposed requirements:			
- Restricted term deposits			
Reserves cash backed - North Street Reserve	4	760,606	0
Reserves cash backed - Service Reserve	4	67,324	0
Reserves cash backed - Building Replacement Reserve	4	406,944	0
		<u>1,234,874</u>	<u>0</u>
Total Term deposits		<u>4,321,313</u>	<u>2,024,853</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 with original maturities of three months or less that are readily convertible to known amounts of cash

Cash and cash equivalents (Continued)

and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

4. RESERVES - CASH BACKED

	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance	2019 Budget Opening Balance	2019 Budget Transfer to	2019 Budget Transfer (from)	2019 Budget Closing Balance	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Reserves cash backed - Plant Replacement Reserve	0	34,000	0	34,000	0	0	0	0	150,197	3,140	(153,337)	0
Reserves cash backed - City Development Reserve	456,580	50,488	(140,000)	367,068	455,970	51,399	(300,000)	207,369	544,970	11,610	(100,000)	456,580
Reserves cash backed - North Street Reserve*	765,464	20,142	(25,000)	760,607	649,233	16,231	(425,000)	240,464	747,734	17,730	0	765,464
Reserves cash backed - Welfare Reserve	479,887	10,022	(5,000)	484,909	475,554	11,889	(43,000)	444,443	485,555	15,360	(21,028)	479,887
Reserves cash backed - Service Reserve*	202,591	4,977	0	207,567	205,660	5,142	0	210,802	1,107,960	24,631	(930,000)	202,591
Reserves cash backed - Insurance Reserve	62,547	1,552	0	64,099	62,766	1,569	0	64,335	61,266	1,281	0	62,547
Reserves cash backed - Waste Management Reserve	842,548	120,135	0	962,682	844,547	121,114	0	965,661	580,548	262,000	0	842,548
Reserves cash backed - Building Replacement Reserve*	689,120	103,937	(75,000)	718,057	475,636	97,891	(75,000)	498,527	527,137	161,983	0	689,120
Reserves cash backed - Swanbourne Development Reserve	129,140	2,868	0	132,008	129,441	3,236	0	132,677	126,241	2,899	0	129,140
Reserves cash backed - Public Art Reserve	126,894	83,972	0	210,866	127,111	83,178	0	210,289	85,012	41,882	0	126,894
Reserves cash backed - Business System Reserve	102,229	193,195	0	295,424	106,313	52,658	(50,000)	108,971	100,013	2,216	0	102,229
Reserves cash backed - All Abilities Play Space	94,900	98,362	0	193,262	94,900	98,373	(60,000)	133,273	0	94,900	0	94,900
Reserves cash backed - Underground Power Projects	485,450	12,085	(127,369)	370,166	485,450	565,136	(692,505)	358,081	0	485,450	0	485,450
Reserves cash backed - Major Projects	1,600,000	39,655	(345,000)	1,294,654	1,600,000	3,359,000	(1,600,000)	3,359,000	0	1,600,000	0	1,600,000
	6,037,350	775,390	(717,369)	6,095,369	5,712,581	4,466,816	(3,245,505)	6,933,892	4,516,631	2,725,083	(1,204,364)	6,037,350

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as:

	2019 Actual	2018 Actual
	\$	\$
Restricted Term deposit (Note 3)	1,234,874	0
Financial assets at amortised cost (Note 8(a))	4,860,495	6,037,348
	6,095,369	6,037,348

* These reserves comprise of Restricted Term deposits and Financial assets at amortised cost - term deposits, as follows:

Reserves cash backed - North Street Reserve	760,607	765,464
Comprises:		
- Term deposits (Note 3)	760,606	0
- Financial assets at amortised cost (Note 8(d))	0	765,464
Reserves cash backed - Service Reserve	207,567	202,591
Comprises:		
- Term deposits (Note 3)	67,324	0
- Financial assets at amortised cost (Note 8(d))	140,243	202,591
Reserves cash backed - Building Replacement Reserve	718,057	689,120
Comprises:		
- Term deposits (Note 3)	406,944	0
- Financial assets at amortised cost (Note 8(d))	311,113	689,120

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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4. RESERVES - CASH BACKED (continued)

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	Anticipated date of use	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	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	areas, expense of streets depots, town planning schemes, valuation and legal cost, items of works of an urgent nature such
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	the Swanbourne Masterplan. Set-up in with proceeds of the insurance claim arising from the fire of council property in
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

5. TRADE RECEIVABLES

Current

Rates receivable	
Sundry receivables	
GST receivable	
Allowance for impairment of receivables	
Service charges receivable	

Non-current

Pensioner's rates and ESL deferred	
Service charges receivable	

The following movements in impairment of receivables occurred during the year:

Carrying amount at 1 July

Additional impairment

Carrying amount at 30 June

	2019	2018
	\$	\$
	440,333	351,530
	1,319,546	396,582
	539,456	256,674
	(9,282)	(5,186)
	138,454	0
	2,428,507	999,600
	491,436	447,722
	735,800	0
	1,227,236	447,722
	(5,186)	(1,170)
	(4,096)	(4,016)
	(9,282)	(5,186)

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 30.

Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The

Previous accounting policy: Impairment of trade receivables (continued)

other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

Classification and subsequent measurement

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

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

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

6. INVENTORIES

	2019	2018
	\$	\$
Current		
Fuel & Oil	15,727	31,936
	15,727	31,936
The following movements in inventories occurred during the year:		
Carrying amount at 1 July	31,936	14,231
Inventories expensed during the year	(189,170)	(154,858)
Additions to inventory	172,961	172,563
Carrying amount at 30 June	15,727	31,936

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 ASSETS

	2019	2018
	\$	\$
Other assets		
Prepayments	170,830	186,333
	170,830	186,333

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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8. OTHER FINANCIAL ASSETS

	2019	2018
	\$	\$
(a) Current assets		
Other financial assets at amortised cost (Note 8(d))	4,860,495	6,037,348
Other loans and receivables (Note 8(c))	13,630	13,219
	<u>4,874,125</u>	<u>6,050,567</u>
Other financial assets at amortised cost		
- Financial assets at amortised cost - term deposits	4,860,495	6,037,348
	<u>4,860,495</u>	<u>6,037,348</u>
(b) Non-current assets		
Financial assets at fair value through profit and loss	140,137	123,734
Other loans and receivables (Note 8(c))	78,815	92,445
	<u>218,952</u>	<u>216,179</u>
Financial assets at fair value through profit and loss		
- <i>Unlisted equity investments</i>		
Financial assets at fair value through profit and loss - Interest in Local Government House Trust	140,137	123,734
	<u>140,137</u>	<u>123,734</u>
During the year, the following gains/(losses) were recognised in profit and loss	16,403	(11,942)
	<u>16,403</u>	<u>(11,942)</u>

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.

(c) Financial assets previously classified as loans and receivables

- Current Loans receivable - clubs/institutions - self-supporting loan	13,630	13,219
- Non-current Loans receivable - clubs/institutions - self-supporting loan	78,815	92,445
	<u>92,445</u>	<u>105,664</u>

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 15(b) as self supporting loans.

CITY OF NEDLANDS
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FOR THE YEAR ENDED 30TH JUNE 2019

8. OTHER FINANCIAL ASSETS (continued)

(d) The following restrictions over other financial assets have been imposed by regulations or other externally imposed requirements:

	NOTE	2019	2018
		\$	\$
Reserve accounts			
Reserves cash backed - Plant Replacement Reserve	4	34,000	0
Reserves cash backed - City Development Reserve	4	367,068	456,580
Reserves cash backed - North Street Reserve	4	0	765,464
Reserves cash backed - Welfare Reserve	4	484,909	479,886
Reserves cash backed - Service Reserve	4	140,243	202,591
Reserves cash backed - Insurance Reserve	4	64,099	62,547
Reserves cash backed - Waste Management Reserve	4	962,682	842,548
Reserves cash backed - Building Replacement Reserve	4	311,113	689,120
Reserves cash backed - Swanbourne Development Reserve	4	132,008	129,140
Reserves cash backed - Public Art Reserve	4	210,866	126,893
Reserves cash backed - Business System Reserve	4	295,424	102,229
Reserves cash backed - All Abilities Play Space	4	193,262	94,900
Reserves cash backed - Underground Power Projects	4	370,166	485,450
Reserves cash backed - Major Projects	4	1,294,654	1,600,000
	8(a)	4,860,495	6,037,348

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

The City classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit and loss

The City classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the City has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 30.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Previous accounting policy: available for sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were either not suitable to be classified as 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.

Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 33 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

9 (a) PROPERTY, PLANT AND EQUIPMENT

	2019	2018
	\$	\$
Land and buildings		
Land - freehold land at:		
- Independent valuation 2017	137,993,000	137,993,000
Land - vested in and under the control of Council at:		
- Independent valuation 2017	167,231,000	167,231,000
Total land	305,224,000	305,224,000
Buildings - non-specialised at:		
- Independent valuation 2017	1,330,000	1,330,000
- Additions after valuation - cost	21,211	0
Less: accumulated depreciation	(95,131)	(47,696)
	1,256,080	1,282,304
Buildings - specialised at:		
- Independent valuation 2017	51,995,080	51,995,080
- Additions after valuation - cost	1,880,657	520,001
Less: accumulated depreciation	(17,662,087)	(16,879,542)
	36,213,651	35,635,539
Total buildings	37,469,731	36,917,843
Total land and buildings	342,693,731	342,141,843
Furniture and equipment at:		
- Management valuation 2016	2,404,597	5,186,217
- Additions after valuation - cost	445,080	215,386
Less: accumulated depreciation	(2,093,414)	(4,745,715)
	756,263	655,888
Plant and equipment at:		
- Management valuation 2016	5,659,502	7,570,025
- Additions after valuation - cost	764,575	316,310
Less: accumulated depreciation	(3,889,353)	(4,976,025)
	2,534,724	2,910,310
Total property, plant and equipment	345,984,718	345,708,041

CITY OF NEDLANDS
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

9. PROPERTY, PLANT AND EQUIPMENT

(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 previous financial year and 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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	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)
Carrying amount at 30 June 2018	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
Additions	0	0	0	21,211	1,360,656	1,381,868	1,381,868	229,695	448,265	2,059,828
Disposals (Note 11(a))	0	0	0	0	0	0	0	(4,031)	(332,665)	(336,696)
Depreciation (expense)	0	0	0	(47,435)	(782,545)	(829,980)	(829,980)	(125,288)	(491,186)	(1,446,454)
Carrying amount at 30 June 2019	137,993,000	167,231,000	305,224,000	1,256,080	36,213,651	37,469,731	342,693,731	756,263	2,534,724	345,984,718

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Date of Last Valuation	Inputs Used
Land and buildings				
Land - freehold land	Level 2	Market Approach	30 June 2017	Sales evidence of similar assets
Land - freehold (unique)	Level 3	Cost Approach	30 June 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.
Land - vested in and under the control of Council	Level 3	Cost Approach	30 June 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	30 June 2017	Sales evidence of similar assets
Buildings - specialised	Level 3	Cost Approach	30 June 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.
Furniture and equipment	Level 2	Market Approach	30 June 2016	Make, size, year of manufacture and condition
Plant and equipment	Level 2	Market Approach	30 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.

10 (a) INFRASTRUCTURE

	2019	2018
	\$	\$
Infrastructure - Roads		
- Independent valuation 2018	74,821,487	74,821,486
- Additions after valuation - cost	3,859,227	0
Less: accumulated depreciation	(32,183,155)	(31,151,711)
	<u>46,497,559</u>	<u>43,669,775</u>
Infrastructure - Drainage		
- Independent valuation 2018	27,404,144	27,404,144
- Additions after valuation - cost	342,898	0
Less: accumulated depreciation	(14,329,548)	(13,946,627)
	<u>13,417,494</u>	<u>13,457,517</u>
Infrastructure - Footpath		
- Independent valuation 2018	19,435,555	19,435,555
- Additions after valuation - cost	963,927	0
Less: accumulated depreciation	(8,607,965)	(8,227,649)
	<u>11,791,517</u>	<u>11,207,906</u>
Infrastructure - Parks, Gardens and Reserves		
- Independent valuation 2018	18,483,191	18,483,191
- Additions after valuation - cost	2,262,379	0
Less: accumulated depreciation	(7,042,762)	(6,441,524)
	<u>13,702,808</u>	<u>12,041,667</u>
Infrastructure - Street Furniture		
- Independent valuation 2018	3,374,189	3,374,189
- Additions after valuation - cost	190,815	0
Less: accumulated depreciation	(1,336,334)	(1,179,371)
	<u>2,228,670</u>	<u>2,194,818</u>
Total infrastructure	<u>87,638,048</u>	<u>82,571,683</u>

CITY OF NEDLANDS
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

10. INFRASTRUCTURE

(b) Movements in Carrying Amounts

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

	Infrastructure - Roads	Other infrastructure - Drainage	Other infrastructure - Footpath	Other infrastructure - Parks, Garden and Reserves	Other infrastructure - Street Furniture	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	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
Revaluation increments / (decrements) transferred to revaluation surplus	(36,568,880)	(10,193,661)	(7,463,016)	(1,020,300)	795,524	(54,450,333)
Revaluation (loss) / reversals transferred to 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)
Carrying amount at 30 June 2018	43,669,775	13,457,517	11,207,906	12,041,667	2,194,818	82,571,683
Additions	3,859,227	342,898	963,927	2,262,379	190,815	7,619,246
Depreciation (expense)	(1,031,443)	(382,921)	(380,316)	(601,238)	(156,963)	(2,552,881)
Carrying amount at 30 June 2019	46,497,559	13,417,494	11,791,517	13,702,808	2,228,670	87,638,048

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

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Date of Last Valuation	Inputs Used
Infrastructure - Roads	Level 3	Cost Approach	01 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.
Other infrastructure - Drainage	Level 3	Cost Approach	01 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.
Other infrastructure - Footpath	Level 3	Cost Approach	01 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.
Other infrastructure - Parks, Garden and	Level 3	Cost Approach	01 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.
Other infrastructure - Street Furniture	Level 3	Cost Approach	01 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 were varied 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.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Change in accounting policy - asset capitalisation threshold

In accordance with the amendment to *Local Government (Financial Management) Regulation 1996*, the City is required to capitalise assets in excess of \$5,000 only. The City made a retrospective assessment in respect of previously capitalised assets costing less than \$5,000 at the date of acquisition. Based on the assessment performed, the City recognised a loss on disposal of assets with a total written down value of \$4,031. This was reflected in the Statement of Comprehensive Income for the year given that the amount was considered immaterial to restate the retained surplus as at 1 July 2018.

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are 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 and no more than five 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 class of asset are recognised against revaluation surplus; the City was required to include as an asset are recognised in profit or loss.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

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.

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	2019 Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	0	0	0	0	3,036,000	3,036,000	0	0	1,154,000	1,600,000	446,000	0
Buildings - specialised	0	0	0	0	297,877	303,000	5,123	0	0	0	0	0
Furniture and equipment	4,031	0	0	(4,031)	0	0	0	0	14,617	5,000	0	(9,617)
Plant and equipment	332,665	347,103	57,230	(42,792)	401,732	451,001	83,206	(33,937)	443,633	462,571	49,645	(30,708)
	336,696	347,103	57,230	(46,823)	3,735,609	3,790,001	88,329	(33,937)	1,612,250	2,067,571	495,645	(40,325)

The following assets were disposed of during the year.

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Plant and Equipment				
Other property and services				
Plant and Equipment	152,600	209,830	57,230	0
Plant and Equipment	180,065	137,273	0	(42,792)
	332,665	347,103	57,230	(42,792)
Furniture and equipment				
Other Property and Services				
Furniture and equipment	4,031	0	0	(4,031)
	4,031	0	0	(4,031)
	336,696	347,103	57,230	(46,823)

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(b) Depreciation

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Buildings - non-specialised	47,435	95,300	47,696
Buildings - specialised	782,545	734,600	779,082
Furniture and equipment	125,288	289,300	234,388
Plant and equipment	491,186	680,700	592,958
Infrastructure - Roads	1,031,443	3,194,200	2,939,185
Other infrastructure - Drainage	382,921	308,400	300,783
Other infrastructure - Footpath	380,316	215,900	207,517
Other infrastructure - Parks, Garden and Reserves	601,238	1,130,600	826,994
Other infrastructure - Street Furniture	156,963	42,600	59,600
	3,999,335	6,691,600	5,988,203

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

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

(a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or

(b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Depreciation rates

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

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

CITY OF NEDLANDS
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12. REVALUATION SURPLUS

	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance
	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	121,100,418	0	0	0	121,100,418
Revaluation surplus - Land - vested in and under the control of Council	167,231,000	0	0	0	167,231,000
Revaluation surplus - Buildings - non-specialised	140,384	0	0	0	140,384
Revaluation surplus - Buildings - specialised	23,004,320	0	0	0	23,004,320
Revaluation surplus - Plant and equipment	732,800	0	0	0	732,800
Revaluation surplus - Infrastructure - Roads	28,141,668	0	0	0	28,141,668
Revaluation surplus - Other infrastructure - Drainage	8,401,646	0	0	0	8,401,646
Revaluation surplus - Other infrastructure - Footpath	3,998,893	0	0	0	3,998,893
Revaluation surplus - Other infrastructure - Parks, Garden and Reserves	0	0	0	0	0
Revaluation surplus - Other infrastructure - Street Furniture	795,524	0	0	0	795,524
	353,546,653	0	0	0	353,546,653

	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	Total Movement on Revaluation	2018 Closing Balance
	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	121,100,418	0	0	0	121,100,418
Revaluation surplus - Land - vested in and under the control of Council	167,231,000	0	0	0	167,231,000
Revaluation surplus - Buildings - non-specialised	140,384	0	0	0	140,384
Revaluation surplus - Buildings - specialised	23,004,320	0	0	0	23,004,320
Revaluation surplus - Plant and equipment	732,800	0	0	0	732,800
Revaluation surplus - Infrastructure - Roads	64,710,548	0	(36,568,880)	(36,568,880)	28,141,668
Revaluation surplus - Other infrastructure - Drainage	18,595,307	0	(10,193,661)	(10,193,661)	8,401,646
Revaluation surplus - Other infrastructure - Footpath	11,461,909	0	(7,463,016)	(7,463,016)	3,998,893
Revaluation surplus - Other infrastructure - Parks, Garden and Reserves	1,020,300	0	(1,020,300)	(1,020,300)	0
Revaluation surplus - Other infrastructure - Street Furniture	0	795,524	0	795,524	795,524
	407,996,986	795,524	(55,245,857)	(54,450,333)	353,546,653

Movements on revaluation of property, plant and equipment (including infrastructure) 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.

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors	2,286,980
Service charge refund	234,603
Accrued salaries and wages	341,845
Accrued interest on borrowings	44,164
Bonds and retentions funds (2019 - Note 3, 2018 - Note 31)	1,874,670

Non-current

Service charge refund	54,001
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	2019	2018
	\$	\$
	2,286,980	1,766,802
	234,603	0
	341,845	276,846
	44,164	42,872
	1,874,670	0
	<u>4,782,262</u>	<u>2,086,520</u>
	54,001	0
	<u>54,001</u>	<u>0</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect

Trade and other payables (Continued)

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.

14. SHORT-TERM BORROWINGS

Unsecured

Short term borrowings	0
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Particulars/Purpose

Underground Power Project

	2019	2018
	\$	\$
	0	1,652,524

CITY OF NEDLANDS
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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15. INFORMATION ON BORROWINGS

(a) Borrowings

	2019	2018
	\$	\$
Current	1,693,964	1,597,168
Non-current	5,861,752	6,748,982
	7,555,716	8,346,150

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2019	30 June 2019	30 June 2019	30 June 2019
				Actual Principal	Actual New Loans	Actual Principal repayments	Actual Interest repayments
				1 July 2018			
				\$	\$	\$	\$
Community amenities							
Waste Bins	178	WATC	6.01%	48,688	0	48,688	409
Underground Power Project	187	WATC	2.64%	3,081,977	0	617,218	73,959
Underground Power Project	188	WATC	3.07%	0	645,499	0	12,487
Underground Power Project	189	WATC	3.07%	0	94,279	0	1,824
Underground Power Project	190	WATC	3.07%	0	66,956	0	1,295
Recreation and culture							
Buildings & Infrastructures	181	WATC	5.91%	727,240	0	228,339	36,294
Buildings & Infrastructures	182	WATC	4.67%	888,398	0	239,274	36,853
Buildings & Infrastructures	183	WATC	2.80%	1,187,478	0	155,871	30,713
Buildings & Infrastructures	184	WATC	3.12%	1,047,100	0	125,920	30,418
Buildings & Infrastructures	185	WATC	3.12%	495,569	0	59,595	14,396
Buildings & Infrastructures	186	WATC	3.07%	105,664	0	13,219	3,066
Buildings & Infrastructures	191	WATC		0	0	0	0
Transport							
Road Infrastructures	179	WATC	6.04%	764,036	0	109,044	42,868
Road Infrastructures	191	WATC		0	0	0	0
				8,240,486	806,734	1,583,949	281,516
Self Supporting Loans							
Recreation and culture							
Buildings & Infrastructures	186	WATC	3.07%	105,664	0	13,219	3,066
				105,664	0	13,219	3,066
				8,346,150	806,734	1,597,168	284,582
							7,555,716

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

CITY OF NEDLANDS
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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15. INFORMATION ON BORROWINGS (continued)

(b) Repayments - Borrowings (Continued)

Particulars	Loan Number	Institution	Interest Rate	Budget	30 June 2019	30 June 2019	30 June 2019	30 June 2019
				Principal 1 July 2018	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding
				\$	\$	\$	\$	\$
Community amenities								
Waste Bins	178	WATC	6.01%	48,688	0	48,688	1,100	0
Underground Power Project	187	WATC	2.64%	3,081,977	0	617,218	75,287	2,464,759
Underground Power Project	188	WATC	3.07%	0	2,043,957	126,690	60,060	1,917,267
Underground Power Project	189	WATC	3.07%	0	191,550	11,873	5,628	179,677
Underground Power Project	190	WATC	3.07%	0	232,502	14,411	6,832	218,091
Recreation and culture								
Buildings & Infrastructures	181	WATC	5.91%	727,240	0	228,339	37,987	498,901
Buildings & Infrastructures	182	WATC	4.67%	888,399	0	239,274	37,338	649,125
Buildings & Infrastructures	183	WATC	2.80%	1,187,478	0	155,871	31,396	1,031,607
Buildings & Infrastructures	184	WATC	3.12%	1,047,101	0	125,920	31,206	921,181
Buildings & Infrastructures	185	WATC	3.12%	495,569	0	59,595	14,769	435,974
Buildings & Infrastructures	191	WATC		0	500,000	0	1,750	500,000
Transport								
Road Infrastructures	179	WATC	6.04%	764,036	0	109,044	43,709	654,992
Road Infrastructures	191	WATC		0	500,000	0	1,750	500,000
				8,240,488	3,468,009	1,736,923	348,812	9,971,574
Self Supporting Loans								
Recreation and culture								
Buildings & Infrastructures	186	WATC	3.07%	105,664	0	13,219	3,093	92,445
				105,664	0	13,219	3,093	92,445
				8,346,152	3,468,009	1,750,142	351,905	10,064,019
Particulars	Loan Number	Institution	Interest Rate	Actual Principal 1 July 2017	30 June 2018 Actual New Loans	30 June 2018 Actual Principal repayments	30 June 2018 Actual Interest repayments	30 June 2018 Actual Principal outstanding
				\$	\$	\$	\$	\$
Community amenities								
Waste Bins	178	WATC	6.01%	141,813	0	93,125	5,128	48,688
Underground Power Project	187	WATC	2.64%	0	3,233,761	151,784	27,976	3,081,977
Underground Power Project	188	WATC	3.07%	0	0	0	0	0
Underground Power Project	189	WATC	3.07%	0	0	0	0	0
Underground Power Project	190	WATC	3.07%	0	0	0	0	0
Recreation and culture								
Buildings & Infrastructures	181	WATC	5.91%	942,568	0	215,328	49,401	727,240
Buildings & Infrastructures	182	WATC	4.67%	1,116,817	0	228,419	47,730	888,398
Buildings & Infrastructures	183	WATC	2.80%	1,339,090	0	151,612	34,991	1,187,478
Buildings & Infrastructures	184	WATC	3.12%	1,169,167	0	122,067	34,295	1,047,100
Buildings & Infrastructures	185	WATC	3.12%	553,340	0	57,771	16,231	495,569
Buildings & Infrastructures	186	WATC	3.07%	118,485	0	12,821	3,465	105,664
Buildings & Infrastructures	191	WATC		0	0	0	0	0
Transport								
Road Infrastructures	179	WATC	6.04%	866,735	0	102,699	49,261	764,036
Road Infrastructures	191	WATC		0	0	0	0	0
				6,129,530	3,233,761	1,122,805	265,014	8,240,486
Self Supporting Loans								
Recreation and culture								
Buildings & Infrastructures	186	WATC	3.07%	118,485	0	12,821	3,465	105,664
				118,485	0	12,821	3,465	105,664
				6,248,015	3,233,761	1,135,626	268,479	8,346,150

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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15. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2018/19

Particulars/Purpose	Loan Number	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
						2019 Actual	2019 Budget	2019 Actual	2019 Budget		
					%	\$	\$	\$	\$	\$	\$
Community amenities											
Underground Power Project	188	WATC	Fixed Term	9	3.07%	645,499	2,043,957	645,499	2,043,957	12,487	0
Underground Power Project	189	WATC	Fixed Term	9	3.07%	94,279	191,550	94,279	191,550	1,824	0
Underground Power Project	190	WATC	Fixed Term	9	3.07%	66,956	232,502	66,956	232,502	1,295	0
Recreation and culture											
Buildings & Infrastructures	191	WATC	Fixed Term	10		0	500,000	0	500,000	0	0
Transport											
Road Infrastructures	191	WATC	Fixed Term	10		0	500,000	0	500,000	0	0
						806,734	3,468,009	806,734	3,468,009	15,606	0

(d) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance 1 July 2018	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2019		
						\$	\$
Underground Power Project	187	WATC	06 Mar 18	386,285	0	(386,285)	0
				386,285	0	(386,285)	0

(e) Undrawn Borrowing Facilities

Credit Standby Arrangements

	2019	2018
	\$	\$
Bank overdraft limit	0	500,000
Bank overdraft at balance date	0	0
Credit card limit	130,000	130,000
Credit card balance at balance date	(725)	(19,987)
Total amount of credit unused	129,275	610,013

Loan facilities

	2019	2018
Loan facilities - current	1,693,964	1,597,168
Loan facilities - non-current	5,861,752	6,748,982
Total facilities in use at balance date	7,555,716	8,346,150

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 30.

CITY OF NEDLANDS
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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16. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Provision for Employment On-costs	Total
	\$	\$	\$	\$
Opening balance at 1 July 2018				
Current provisions	947,923	884,027	195,341	2,027,291
Non-current provisions	0	298,850	38,768	337,618
	947,923	1,182,877	234,109	2,364,909
Additional provision	1,037,387	417,294	167,288	1,621,970
Amounts used	(931,745)	(216,795)	(89,384)	(1,237,924)
Balance at 30 June 2019	1,053,565	1,383,376	312,014	2,748,955
Comprises				
Current	1,053,565	967,949	253,245	2,274,759
Non-current	0	415,427	58,769	474,196
	1,053,565	1,383,376	312,014	2,748,955

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:

	2019	2018
	\$	\$
Less than 12 months after the reporting date	811,245	782,414
More than 12 months from reporting date	242,320	165,509
	1,053,565	947,923

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:

	2019	2018
	\$	\$
With 12 months of the end of the reporting period	693,133	598,453
More than 12 months after the end of the reporting period	690,243	584,424
	1,383,376	1,182,877

16. EMPLOYEE RELATED PROVISIONS (continued)

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.

	2019	2018
	\$	\$
Carrying amount at start of period	234,109	245,689
Additional/(reversal of) provisions recognised	77,905	(11,580)
	<u>312,014</u>	<u>234,109</u>

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

Other long-term employee benefits (Continued)

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.

17. 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:

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	8,170,423	10,568,262	5,097,698
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	8,727,976	2,663,759	(1,081,559)
Non-cash flows in Net result:			
Depreciation	3,999,335	6,691,600	5,988,203
(Profit)/loss on sale of asset	(10,407)	(54,392)	(455,320)
Provision of impairment of other financial assets	0	0	11,942
Loss on revaluation of fixed assets	0	0	1,232,307
Increase in fair value of financial asset	(16,403)	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(2,208,421)	16,333	126,130
(Increase)/decrease in other assets	15,503	0	0
(Increase)/decrease in inventories	16,211	0	(17,705)
Increase/(decrease) in payables	2,695,742	214,796	(647,734)
Increase/(decrease) in provisions	438,048	50,000	(112,264)
Grants contributions for the development of assets	(2,386,090)	(3,845,392)	(2,609,259)
Net cash from operating activities	11,271,493	5,736,704	2,434,740

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	309,522,255	309,383,585
Education and welfare	7,861,730	7,882,953
Community amenities	2,084,291	2,114,867
Recreation and culture	35,351,500	34,017,223
Transport	73,935,239	70,530,015
Other property and services	21,884,217	19,203,132
	450,639,231	443,131,775

19. CONTINGENT LIABILITIES

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

20. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

	2019	2018
	\$	\$
	692,158	716,312
	329,657	6,105
	1,021,815	722,417

(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

	2019	2018
	\$	\$
	69,174	702
	40,352	0
	109,526	702

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

Leases (Continued)

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

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

21. EMPLOYEE NUMBERS

	2019 Actual	2018 Actual
The number of full-time equivalent employees at 30 June	149.16	146

22. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

	2019 Actual	2019 Budget	2018 Actual
The following fees, expenses and allowances were paid to council members, Mayor and deputy Mayor.	\$	\$	\$
Meeting Fees	306,838	306,800	300,117
Mayor's allowance	62,725	62,700	62,725
Deputy Mayor's allowance	15,682	15,600	15,682
Telecommunications allowance	45,504	48,300	43,566
	430,749	433,400	422,090

Other Key Management Personnel (KMP) Compensation Disclosure

	2019 Actual	2018 Actual
The total of remuneration of KMP of the City during the year are as follows:	\$	\$
Short-term employee benefits	2,545,319	2,511,611
Post-employment benefits	256,188	264,813
Other long-term benefits	56,533	55,948
	2,858,040	2,832,372

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

22. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

The following transactions occurred with related parties:	2019 Actual \$	2018 Actual \$
Sale of goods and services	0	0
Purchase of goods and services	0	0
Amounts 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

Related Parties

The City's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

The associate person of KMP was employed by the City under normal employment terms and conditions.

iii. 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. JOINT ARRANGEMENTS

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

24. INVESTMENT IN ASSOCIATES

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

25. MAJOR LAND TRANSACTIONS

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

26. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

27. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received ⁽²⁾	Expended ⁽³⁾	Closing	Received ⁽²⁾	Expended ⁽³⁾	Closing
	Balance ⁽¹⁾			Balance ⁽¹⁾			Balance
	1/07/17	2017/18	2017/18	30/06/18	2018/19	2018/19	30/06/19
	\$	\$	\$	\$	\$	\$	\$
Recreation and culture							
DSR-Kdsports Program	3,801	0	(3,801)	0	0	0	0
HACC Transition Fund	0	25,500	(9,268)	16,232	0	(8,921)	7,311
Transport							
Roads to Recovery Grants	182,000	141,419	(255,228)	68,191	0	(68,191)	0
Safe Active Street	0	0	0	0	720,000	0	720,000
Abedare Road Project	0	0	0	0	30,000	(11,030)	18,970
Other property and services							
Riverwall Project	550,293	0	(298,227)	252,066	0	(39,545)	212,521
Total	736,094	166,919	(566,524)	336,489	750,000	(127,687)	958,802

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.

CITY OF NEDLANDS
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

28. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2018/19 Actual Rateable Value \$	2018/19 Actual Rate Revenue \$	2018/19 Actual Interim Rates \$	2018/19 Actual Back Rates \$	2018/19 Actual Total Revenue \$	2018/19 Budget Rate Revenue \$	2018/19 Budget Interim Rate \$	2018/19 Budget Back Rate \$	2018/19 Budget Total Revenue \$	2017/18 Actual Total Revenue \$
Differential general rate / general rate												
Gross rental valuations												
Residential	0.057333	6,538	304,663,720	16,974,130	114,669	4,893	17,093,691	16,943,285	10,000	3,000	16,956,285	16,441,225
Residential Vacant	0.081341	128	6,753,080	533,561	12,867	5,850	552,278	529,444	10,000	3,000	542,444	513,327
Non Residential	0.071220	388	45,432,215	3,143,001	101,139	114,267	3,358,407	3,143,001	2,000	0	3,145,001	3,116,518
Sub-Total		7,054	356,849,015	20,650,692	228,675	125,009	21,004,376	20,615,730	22,000	6,000	20,643,730	20,071,070
Minimum payment	\$											
Gross rental valuations												
Residential	1,484	1,497	32,222,840	2,158,674	(17,466)	(1,286)	2,139,922	2,167,326	0	0	2,167,326	2,110,793
Residential Vacant	1,968	41	767,740	78,392	(5,286)	(1,209)	71,897	72,656	0	0	72,656	95,143
Non Residential	1,957	128	2,286,055	243,328	0	0	243,328	243,328	0	0	243,328	215,203
Sub-Total		1,666	35,276,635	2,480,394	(22,751)	(2,495)	2,455,147	2,483,310	0	0	2,483,310	2,421,139
Discounts/concessions (refer Note 28(d))		8,720	392,125,650	23,131,086	205,923	122,514	23,459,523	23,099,040	22,000	6,000	23,127,040	22,492,209
Total amount raised from general rate							0				0	0
							23,459,523				23,127,040	22,492,209

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.

CITY OF NEDLANDS
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

28. RATING INFORMATION (Continued)

(b) Specified Area Rate

No specified area rates were imposed by the City of Nedlands during the year ended 2019.

(c) Service Charges

Service Charges		Amount of Charge	2018/19 Actual Revenue Raised	2018/19 Actual Charges Applied to Costs	2018/19 Actual Charges Set Aside to Reserve	2018/19 Actual Reserve Applied to Costs	2018/19 Budget Revenue	2018/19 Budget Charges Applied to Costs	2018/19 Budget Charges Set Aside to Reserve	2018/19 Budget Reserve Applied to Costs	2017/18 Total Actual Revenue
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Alfred Road/Claremont Triangle UGP	60/1	2,116	38,085	38,085	0	0	11,884	11,884	0	0	0
Alfred Road/Claremont Triangle UGP	60/2	2,626	10,503	10,503	0	0	3,277	3,277	0	0	0
Alfred Road/Claremont Triangle UGP	60/3	2,913	209,755	209,755	0	0	85,453	85,453	0	0	0
Alfred Road/Claremont Triangle UGP	60/4	3,423	20,539	20,539	0	0	10,682	10,682	0	0	0
Alfred Road/Claremont Triangle UGP	60/5	4,443	97,741	97,741	0	0	40,204	40,204	0	0	0
Alfred Road/Claremont Triangle UGP	60/8	345	68,389	68,389	0	0	0	0	0	0	0
Alfred Road/Claremont Triangle UGP	60/9	406	17,598	17,598	0	0	0	0	0	0	0
Alfred Road/Claremont Triangle UGP	60/10	527	31,676	31,676	0	0	0	0	0	0	0
Alderbury Street UGP	61/1	4,533	67,991	67,991	0	0	28,785	28,785	0	0	0
Alderbury Street UGP	61/2	5,109	15,328	15,328	0	0	6,489	6,489	0	0	0
Alderbury Street UGP	61/3	6,263	92,163	92,163	0	0	47,726	47,726	0	0	0
Alderbury Street UGP	61/4	537	27,701	27,701	0	0	0	0	0	0	0
Alderbury Street UGP	61/5	606	5,204	5,204	0	0	0	0	0	0	0
Alderbury Street UGP	61/6	742	44,653	44,653	0	0	0	0	0	0	0
West Hollywood UGP	62/1	1,337	15,698	15,698	0	0	7,622	7,622	0	0	0
West Hollywood UGP	62/2	1,610	26,121	26,121	0	0	9,177	9,177	0	0	0
West Hollywood UGP	62/3	1,766	15,907	15,907	0	0	7,830	7,830	0	0	0
West Hollywood UGP	62/4	2,619	4,704	4,704	0	0	3,317	3,317	0	0	0
West Hollywood UGP	62/5	3,331	29,885	29,885	0	0	10,549	10,549	0	0	0
West Hollywood UGP	62/6	4,071	361,253	361,253	0	0	161,146	161,146	0	0	0
West Hollywood UGP	62/7	4,282	115,113	115,113	0	0	52,878	52,878	0	0	0
West Hollywood UGP	62/8	4,546	179,227	179,227	0	0	74,861	74,861	0	0	0
West Hollywood UGP	62/9	5,497	1,097,606	1,097,606	0	0	523,906	523,906	0	0	0
West Hollywood UGP	62/10	5,626	5,038	5,038	0	0	3,563	3,563	0	0	0
West Hollywood UGP	62/11	7,542	6,749	6,749	0	0	4,777	4,777	0	0	0
West Hollywood UGP	62/12	8,967	16,043	16,043	0	0	5,679	5,679	0	0	0
West Hollywood UGP	62/13	11,013	9,848	9,848	0	0	3,487	3,487	0	0	0
West Hollywood UGP	62/14	12,438	11,121	11,121	0	0	15,755	15,755	0	0	0
West Hollywood UGP	62/15	17,955	48,143	48,143	0	0	22,743	22,743	0	0	0
West Hollywood UGP	62/16	18,430	0	0	0	0	5,836	5,836	0	0	0
West Hollywood UGP	62/17	19,380	17,321	17,321	0	0	12,274	12,274	0	0	0

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

28. RATING INFORMATION (Continued)

(c) Service Charges

Service Charges	Amount of Charge	2018/19	2018/19	2018/19	2018/19 Budget Reserve Applied to Costs	2018/19	2018/19	2018/19	2017/18 Total Actual Revenue
		Actual Revenue Raised	Actual Charges Applied to Costs	Actual Charges Set Aside to Reserve		Budget Charges Applied to Costs	Budget Charges Set Aside to Reserve	Budget Reserve Applied to Costs	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
West Hollywood UGP 62/18	159	6,257	6,257	0	0	0	0	0	0
West Hollywood UGP 62/19	191	0	0	0	0	0	0	0	0
West Hollywood UGP 62/20	209	6,612	6,612	0	0	0	0	0	0
West Hollywood UGP 62/21	310	4,902	4,902	0	0	0	0	0	0
West Hollywood UGP 62/22	395	0	0	0	0	0	0	0	0
West Hollywood UGP 62/23	483	99,060	99,060	0	0	0	0	0	0
West Hollywood UGP 62/24	508	36,064	36,064	0	0	0	0	0	0
West Hollywood UGP 62/25	539	34,038	34,038	0	0	0	0	0	0
West Hollywood UGP 62/26	652	412,959	412,959	0	0	0	0	0	0
West Hollywood UGP 62/27	667	5,265	5,265	0	0	0	0	0	0
West Hollywood UGP 62/28	894	7,059	7,059	0	0	0	0	0	0
West Hollywood UGP 62/29	1,063	0	0	0	0	0	0	0	0
West Hollywood UGP 62/30	1,306	0	0	0	0	0	0	0	0
West Hollywood UGP 62/31	1,475	34,923	34,923	0	0	0	0	0	0
West Hollywood UGP 62/32	2,129	16,804	16,804	0	0	0	0	0	0
West Hollywood UGP 62/33	2,185	17,249	17,249	0	0	0	0	0	0
West Hollywood UGP 62/34	2,298	18,138	18,138	0	0	0	0	0	0
		3,406,430	3,406,430	0	0	1,159,900	1,159,900	0	0

Nature of the Service Charge	Objects of the Charge	Reasons for the Charge	Area/Properties Charge Imposed
Underground Power Project	Provision of underground power to the project areas.	Owners' contribution of cost of underground power project.	Alfred Rd & Claremont Triangle Alderbury St West Hollywood

(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 of ratepayers unless specifically approved by the Council.

(e) 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 & Charges
- (ii) ESL
- (iii) Dogs and Cats Registration

28. RATING INFORMATION (Continued)

(f) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	27 Aug 2018			11.00%
Option Two				
First instalment	27 Aug 2018	0.00	5.50%	11.00%
Second instalment	29 Oct 2018	16.00	5.50%	11.00%
Third instalment	28 Jan 2019	16.00	5.50%	11.00%
Fourth instalment	25 Mar 2019	16.00	5.50%	11.00%

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Interest on unpaid rates	81,272	86,000	76,811
Interest on instalment plan	116,161	105,000	102,654
ESL interest income	8,026	0	8,082
Deferred Rates interest	0	0	10,424
	<u>205,459</u>	<u>191,000</u>	<u>197,972</u>

29. RATE SETTING STATEMENT INFORMATION

		2018/19 Budget	2018/19
	2018/19 (30 June 2019)	(30 June 2019)	(1 July 2018)
Note	Carried Forward)	Carried Forward)	Brought Forward)
	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	11(a)	(57,230)	(88,329)
Movement in pensioner deferred rates (non-current)		(43,714)	0
Movement in service charge receivable (non-current)		(735,800)	0
Movement in employee benefit provisions (non-current)		136,578	(10,000)
Movement in payables (non-current)		54,001	0
Add: Fair value adjustments to financial assets at fair value through profit or loss		(16,403)	0
Add: Loss on disposal of assets	11(a)	46,823	33,937
Add: Loss on revaluation of fixed assets	10(b)	0	0
Add: Depreciation on assets	11(b)	3,999,335	6,691,600
Non cash amounts excluded from operating activities		3,383,590	6,627,208
(b) Surplus/(deficit) after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserves - restricted cash	4	(6,095,369)	(6,933,892)
Less: - Financial assets at amortised cost - self supporting loans	8(a)	(13,630)	(13,629)
Less: Land held for resale		0	(3,036,000)
Add: Short term borrowings		0	0
Add: Borrowings	15(a)	1,693,964	1,804,084
Total adjustments to net current assets		(4,415,035)	(8,179,437)
Net current assets used in the Rate Setting Statement			
Total current assets		15,659,612	14,716,900
Less: Total current liabilities		(8,750,985)	(7,131,833)
Less: Total adjustments to net current assets		(4,415,035)	(8,179,437)
Net current assets used in the Rate Setting Statement		2,493,592	(594,370)

CITY OF NEDLANDS
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30. 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	
	2019	2018	2019	2018
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	8,170,423	5,097,698	8,170,423	5,097,698
Financial assets at amortised cost - term deposits	4,860,495	6,037,348	4,860,495	6,037,348
Receivables	3,655,743	1,447,322	3,655,743	1,447,322
	16,686,661	12,582,368	16,686,661	12,582,368
Financial liabilities				
Payables	4,782,262	2,086,520	4,782,262	2,086,520
Short term borrowings	0	1,652,524	0	1,621,552
Long term borrowings	7,555,716	8,346,150	7,993,561	8,576,156
	12,337,978	12,085,194	12,775,823	12,284,228

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.

CITY OF NEDLANDS
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FOR THE YEAR ENDED 30TH JUNE 2019

30. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at amortised cost - Term Deposit

The City's objective is to maximise its return on cash and term deposits whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and term deposits portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up performance of the portfolio.

Cash and term deposits are 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*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	2019	2018
Impact of a 1% ⁽¹⁾ movement in interest rates on cash and term deposits	\$	\$
- Equity	130,309	111,350
- Statement of Comprehensive Income	130,309	111,350

Notes:

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

30. 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 processes.

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.

The City applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. There are no material receivables that have been subject to re-negotiation of repayment terms.

No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Sundry Receivables					
30 June 2019					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.05%	
Gross carrying amount	893,424	218,956	14,583	192,583	1,319,546
Loss allowance	0	0	0	9,282	9,282
01 July 2018					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.05%	
Gross carrying amount	152,481	51,840	12,160	180,102	396,582
Loss allowance	0	0	0	9,005	9,005

*The amount of receivables exclude the GST recoverable from the ATO (statutory receivable).

31. TRUST FUNDS

In previous years, all bonds and deposits were held as trust money. From this year, all bonds and deposits not required by legislation to be held in trust are included in restricted cash in Note 3 and shown as current liability in Note 13.

	1 July 2018	Amounts Received	Amounts Paid	Reclassified to restricted assets	30 June 2019
	\$	\$	\$	\$	\$
Footpath Bonds	1,161,801	469,100	(556,925)	(1,073,976)	0
Hall & Key Bond	49,875	4,940	(2,967)	(51,848)	0
Tresillian Bond & Miscellaneous	6,792	808	(300)	(7,300)	0
Retention for Non Compliance	42,580	82	0	(42,662)	0
Construction Training Bond	73,277	266,722	(279,582)	(60,417)	0
Building Construction Bond	218,311	216,928	(222,376)	(212,863)	0
Unclaimed Money	50,784	0	0	(50,784)	0
Tresillian Artist Sales	749	12,198	(12,198)	(749)	0
Crossover Bond	36,219	0	(30,000)	(6,219)	0
Miscellaneous	64,407	206,417	(12,471)	(258,353)	0
DAP Application Levy	7,639	51,355	(58,994)	0	0
Adelma	100,000	0	0	(100,000)	0
Supplier Retention	9,465	0	0	(9,465)	0
Staff Funds	118	5,729	(5,811)	(36)	0
	1,822,016	1,234,278	(1,181,624)	(1,874,670)	0

32. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There have been no significant events after the reporting period that are required to be reported in the 2018/19 Annual Financial Report.

33. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

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

AASB 9 Financial instruments

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

The City applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies but the adjustments required to the amounts recognised in the financial statements was immaterial.

(a) Classification and measurement

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

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

33. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

(a) Classification and measurement (continued)

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

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.

In summary, upon the adoption of AASB 9, the City had the following required (or elected) reclassifications as at 1 July 2018:

AASB 139 category	AASB 9 category			
	AASB 139 value	Financial asset at amortised cost	Fair value through OCI	Fair value through P/L
	\$	\$	\$	\$
Loans and receivables				
Trade receivables (b)	1,190,648	1,190,648	0	0
Loans and advances	105,664	105,664	0	0
Financial assets	123,734	0	0	123,734
	1,420,046	1,296,312	0	123,734

(b) Impairment

The adoption of AASB 9 has fundamentally changed the City's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the City to recognise an allowance for ECLs for all financial assets not held at fair value through profit or loss. Upon adoption of AASB 9, the City recognised an additional impairment on the City's Trade receivables of \$3,819. This was reflected in profit and loss for the year, given that the amount was considered immaterial to restate the retained surplus as at 1 July 2018.

34. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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. The Standards and Interpretations that were issued but not yet effective for the year ended 30 June 2019 are listed below. At the date of authorisation of the financial statements, the City has not fully assessed the impact of these new or amended standards and interpretations, to the extent relevant.

Standard/Interpretation	Issued/Compiled	Applicable	Impact
<i>AASB 15 Revenue from Contracts with Customers</i>	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.
<i>AASB 16 Leases</i>	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-of-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.
<i>AASB 1058 Income for Not-for-Profit Entities</i>	December 2016	1 January 2019	These Standards are likely to have a significant impact on the income recognition for Not-for-Profit Entities. Key areas for consideration are: <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; and - Leases entered into at below market rates

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

35. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

35. OTHER 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 the service capacity of an asset.

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

i) Impairment of assets

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

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

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

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

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

36. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.</p>	<p>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.</p>
<p>GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.</p>	<p>Rates, general purpose government grants and interest revenue.</p>
<p>LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.</p>	<p>Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.</p>
<p>HEALTH To provide an operational framework for environmental and community health.</p>	<p>Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.</p>
<p>EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth.</p>	<p>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.</p>
<p>HOUSING To provide and maintain elderly residents housing.</p>	<p>Provision and maintenance of elderly residents housing.</p>
<p>COMMUNITY AMENITIES To provide services required by the community.</p>	<p>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.</p>
<p>RECREATION AND CULTURE To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community.</p>	<p>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.</p>
<p>TRANSPORT To provide safe, effective and efficient transport services to the community.</p>	<p>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.</p>
<p>ECONOMIC SERVICES To help promote the shire and its economic wellbeing.</p>	<p>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.</p>
<p>OTHER PROPERTY AND SERVICES To monitor and control City of Nedlands's overheads operating accounts.</p>	<p>Private works operation, plant repair and operation costs and engineering operation costs.</p>

37. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	0.98	0.85	1.31
Asset consumption ratio	0.58	0.57	0.67
Asset renewal funding ratio	0.92	0.86	0.88
Asset sustainability ratio	2.33	1.45	1.65
Debt service cover ratio	5.61	1.83	6.44
Operating surplus ratio	0.18	(0.12)	0.02
Own source revenue coverage ratio	1.14	0.84	0.94

The above ratios are calculated as follows:

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

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the City of Nedlands

Report on the Audit of the Financial Report

Opinion

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

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

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

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- (i) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law were identified during the course of my audit:
 - a. The City has continued to procure goods and services from two suppliers after the contract expiry, without a valid extension.
 - b. Although accounting journal entries are approved in a record-keeping system before being entered in the accounting system, there is no independent review of journals that have been input to the accounting system. This could result in unauthorised journals being posted in the accounting system without detection.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The annual financial report of the City for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2017 and 2018 in Note 37 of the audited annual financial report were included in the audited annual financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the City of Nedlands for the year ended 30 June 2019 included on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual 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 annual financial report to confirm the information contained in this website version of the annual financial report.

CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Delegate of the Auditor General for Western Australia
Perth, Western Australia
November 2019



City of Nedlands

Audit Completion Report to the
Audit Committee
For the Year Ended 30 June 2019

14 November 2019

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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 2019.

1.1 Status of Audit

Our audit fieldwork at the City of Nedlands for the financial year ended 30 June 2019 has been completed.

1.2 Deliverables

Output	Timing
External Audit Plan	22 February 2019
Interim Audit Management Letter	17 July 2019
Present the Audit Completion Report to the Audit Committee	14 November 2019
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 Nedlands' accounts in line with current Australian Auditing Standards and we will be recommending to the Office of the Auditor General (OAG) an **Unqualified Opinion** [subject to subsequent events procedures] that the financial report of the City of Nedlands

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

Under "Report on Other Legal and Regulatory Requirements" of the Audit Report, we have reported that the following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law were identified during the course of our audit.

- (a) The City has continued to procure goods and services from two suppliers after the expiry of the contract, without a valid extension.
- (b) Although accounting journal entries are approved in a record – keeping system before being entered in the accounting system, there was no independent review of journals that have been input to the accounting system. Consequently, unauthorised journals may be posted in the accounting system without detection.

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	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>
2	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>
3	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>
4	Changes to Local Government (<i>Financial Management</i>) Regulations	<p>As a result of an amendment to the Local Government (<i>Financial Management</i>) Regulations 1996 that became applicable to the 2018-19 financial year, the City was required to expense assets with a fair value of less than \$ 5,000 at the time of acquisition. This resulted in a change in accounting policy and therefore, adjustments to the Annual Financial Report had to be made with retrospective effect.</p> <p>At this date, we are satisfied with the adjustments and the relevant disclosures the City has made in the Annual Financial Report in this regards.</p>

5	New Accounting Standards that became applicable in the 2018-19 financial year.	<p>AASB 9 – Financial Instruments became applicable for the first time in the 2018-19 financial year.</p> <p>Audit procedures included discussions with management as to its impact on the Annual Financial Report as well as the calculations performed in order to comply with requirements of the new standard. We have verified the calculations performed by the City and at this date, we are satisfied that the City has complied with the requirements of AASB 9 – Financial Instruments.</p>
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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 2019 have been implemented. A copy of the interim audit letter issued by the Office of the Auditor General is attached.

5. Key Findings during Final Phase of Audit

During our audit planning procedures and risk identification process, we identified a few key focus areas as outlined in Section 3 above. No other accounting and audit issues were noted during the course of our year-end fieldwork.

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"> ➤ There were no changes to the audit approach outlined in the External Audit Plan.
Significant accounting policies	<ul style="list-style-type: none"> ➤ 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 appropriately described in the financial statements. ➤ There were no significant changes in the application of existing policies during the year ended 30 June 2019 other than the policy on Financial Instruments which had to be amended to fall in line with the requirements of AASB 9 which replaced AASB 139 effective for reporting periods beginning 1 July 2018, and the policy on asset capitalisation threshold which is described below. The impact of AASB 9 on the financial position of the City was considered immaterial. Consequently, no adjustments were made to the retained surplus at 1 July 2018.
Sensitive Accounting Estimates and Disclosures	Refer to “Current Year of Audit Focus” section
Misstatements and significant audit adjustments	<ul style="list-style-type: none"> ➤ 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. ➤ A few disclosure adjustments to the financial statements have been discussed and amended during the course of our audit. ➤ A few financial adjustments were raised through our audit work which have been addressed.

<p>Significant Weaknesses in Internal Controls</p>	<ul style="list-style-type: none"> ➤ A few significant weaknesses in internal control were identified during our interim phase of the audit. Refer to our Interim Audit Management Letter.
<p>Disagreements with management</p>	<ul style="list-style-type: none"> ➤ There have been no significant disagreements with management during the course of the audit.
<p>Serious Difficulties Encountered in Dealing with Management when Performing the Audit such as:</p> <ul style="list-style-type: none"> • Significant delays in management providing required information • An unnecessarily brief time within which to complete the audit • Extensive unexpected effort required to obtain sufficient appropriate audit evidence • The unavailability of expected information • Restrictions imposed on the auditor by management 	<ul style="list-style-type: none"> ➤ There were no serious difficulties encountered in dealing with management when performing the audit.
<p>Fraud and Illegal Acts</p>	<ul style="list-style-type: none"> ➤ We are not aware of any matters that require communication. ➤ 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.
<p>Compliance with laws and regulations</p>	<ul style="list-style-type: none"> ➤ In performing our audit procedures, we have not become aware of any non-compliance with applicable laws or regulations. ➤ We have also received representations from management confirming that the Council is in compliance with all laws and regulations that impact the Council.

Threshold to Capitalise Assets	<ul style="list-style-type: none"> ➤ With effect from 1 July 2018 in accordance with the amendment to the Local Government (Financial Management) Regulations 1996, which was gazetted on 26 June 2018, the Council should capitalise assets in excess of \$ 5,000 only. <p>Therefore, it needed 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 resulted in a change in accounting policy. However, no retrospective adjustment was made as the total amount was \$ 4,031 and it was considered immaterial as disclosed in Note 11 to the Annual Financial Statement.</p>
Books and records and conduct of the audit	<ul style="list-style-type: none"> ➤ 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 other than certain information requested pertaining to asset reconciliations as disclosed under Key Findings during Final Phase of Audit.
Other Information in Documents Containing Audited Financial Statements	<ul style="list-style-type: none"> ➤ The financial statement audit opinion relates only to the financial statements and accompanying notes. ➤ 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.
Related Party Transactions	<ul style="list-style-type: none"> ➤ None of which we are aware other than what is disclosed in Note 22 to the financial statements.
Major Issues Discussed with Management in Connection with Initial or Recurring Retention	<ul style="list-style-type: none"> ➤ Refer to “Threshold to Capitalise Assets” under reporting requirement.
Going concern	<ul style="list-style-type: none"> ➤ 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.
Independence	<ul style="list-style-type: none"> ➤ We confirm that, as the date of this report, we are independent having regard to professional rules and relevant statutory requirements regarding auditor independence. ➤ During the year ended 30 June 2019, our office has not provided any non-audit services to the City of Nedlands.

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.



Enquiries: H Shiblee, Coordinator Financial Accounting (08) 9273 3500
Reference: CORP-1243001247-1451

13 November 2019

Ms Caroline Spencer
Auditor General
Office of the Auditor General
7 Floor, Albert Facey House
469 Wellington Street
PERTH WA 6000

Dear Ms Spencer,

**REPRESENTATION LETTER IN RESPECT OF THE CITY OF NEDLANDS
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019**

This representation letter is provided in connection with your audit of the City of Nedlands Annual Financial Report for the year ended 30 June 2019, for the purpose of expressing an opinion as to whether the Annual Financial Report is fairly presented in accordance with *the Local Government Act 1995* (the Act), the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act and Australian Accounting Standards.

We submit the following representations for the year ended 30 June 2019 after making appropriate enquiries and according to the best of our knowledge and belief. This representation covers all material items in each of the categories listed below:

- (a) We have fulfilled our responsibilities for the preparation and fair presentation of the annual financial report in accordance with the *Local Government Act 1995* (the Act), the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act and Australian Accounting Standards.
- (b) We have advised your auditors of all material contentious methods used in the presentation of the financial report.
- (c) There have been no changes in accounting policies or application of those policies that would have a material effect on the financial report, except as disclosed in Notes 5 and 11 to the Financial Report.
- (d) The prior period comparative information in the financial report has not been restated.
- (e) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We confirm the disclosures related to accounting estimates are complete and appropriate.
- (f) We have established and maintained an adequate internal control structure and adequate financial records as we have determined are necessary to facilitate the preparation of the financial report that is free from material misstatement, whether due to fraud or error.



- (g) We have provided your auditors with:
- (i) Access to all information of which we are aware that is relevant to the preparation of the financial report, such as records, documentation and other matters;
 - (ii) Additional information that your auditors have requested for the purpose of the audit; and
 - (iii) Unrestricted access to Staff and Councillors of the City from whom your auditors determined it necessary to obtain audit evidence.
- (h) All transactions have been recorded in the accounting and other records and are reflected in the financial report.
- (i) All internal audit reports and reports resulting from other management reviews, including legal issues and legal opinions which have the capacity to be relevant to the fair presentation of the financial report including, where relevant, minutes of meetings, have been brought to your auditors' attention and made available to them.
- (j) We have advised your auditors of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial report.
- (k) We have provided to your auditors the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
- (l) No frauds or suspected frauds affecting the City involving:
- (i) Management;
 - (ii) Employees who have significant roles in internal control; or
 - (iii) Others where the fraud could have a material effect on the financial report
- Have occurred to the knowledge of management of the City.
- (m) To our knowledge no allegations of fraud or suspected fraud affecting the City's Financial Report has been communicated to us by employees, former employees, analysts, regulators or others.
- (n) We have disclosed to your auditors all known actual or possible litigation and claims whose effects should be considered when preparing the financial report, and they have been accounted for and disclosed in accordance with Australian Accounting Standards.

2. FAIR VALUE MEASUREMENTS AND DISCLOSURES

We confirm that where assets and liabilities are recorded at fair value, the value attributed to these assets and liabilities is the fair value.

We confirm that 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 confirm the measurement methods, including related assumptions, used by management in determining fair values are appropriate and have been consistently applied.

We confirm that the fair value disclosures in the financial report are complete and appropriate.

3. GOING CONCERN

We confirm that the going concern basis of accounting is appropriate for the annual financial report.

4. CONTINGENT LIABILITIES

There are no material contingent liabilities at year end that have not been completely and adequately disclosed in the 'Notes' to the financial report.

5. COMMITMENTS FOR CAPITAL AND OTHER EXPENDITURE

Other than those commitments reported in the 'Notes' to the financial report, there were no significant commitments for capital or other expenditure contracts carrying over at year end.

6. FINANCIAL LIABILITY FOR CONTAMINATED SITES

We are aware of our obligations under the *Contaminated Sites Act 2003* and have reported to the Department of Water and Environmental Regulation, all land owned, vested or leased by the City that is known to be, or is suspected of being, contaminated. All actual liabilities or contingent liabilities, if any, have been recognised and/or disclosed in the financial report as appropriate.

7. RELATED ENTITIES

We acknowledge our responsibility under section 17(1) of the *Auditor General Act 2006* (as applied by section 7.12AL of the *Local Government Act 1995*) to give written notice to the Auditor General if any of the City's functions are being performed in partnership or jointly with another person or body, through the instrumentality of another person or body, and/or by means of a trust. We confirm that we have provided the Auditor General with details for all related entities in existence at 30 June 2019.

8. RELATED PARTIES

We have disclosed to your auditors the identity of the City's related parties, as defined in Australian Accounting Standards, of which we are aware, and all the related party relationships and transactions of which we are aware. These include the City's key management personnel (KMP) and their related parties, including their close family members and their controlled and jointly controlled entities.

We have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of Australian Accounting Standards.



9. KEY MANAGEMENT PERSONNEL COMPENSATION

We confirm the City's key management personnel (KMP) have not received any other money, consideration or benefit (except amounts being reimbursements for out of pocket expenses) which has not been included in the compensation disclosed in the 'Notes' to the financial report.

10. SUBSEQUENT EVENTS

No matters or occurrences have come to our attention between the date of the financial report and the date of this letter which would materially affect the financial report or disclosures therein, or which are likely to materially affect the future results or operations of the City.

11. INTERNAL CONTROL

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

12. INSURANCE

We have established procedures to assess the adequacy of insurance cover on all assets and insurable risks. We believe, where appropriate, assets and insurable risks are adequately covered by insurance.

13. RISK MANAGEMENT

We confirm that we have established and maintained a risk management framework that is appropriate to the City.

14. FINANCIAL RATIOS

We confirm that the financial ratios included in the annual financial report have been prepared and fairly presented in accordance with the *Local Government (Financial Management) Regulations 1996*.

We confirm that the asset consumption ratio and the asset renewal funding ratio are supported by verifiable information and reliable assumptions.

15. ACCOUNTING MISSTATEMENTS

All misstatements brought to the attention of the management by your auditors were corrected. Therefore, there are no uncorrected misstatements to report.

16. ELECTRONIC PRESENTATION OF THE AUDITED ANNUAL FINANCIAL REPORT AND AUDITOR'S REPORT

(a) We acknowledge that we are responsible for the electronic presentation of the annual financial report.



- (b) We will ensure that the electronic version of the audited annual financial report and the auditor's report presented on the City's website is the same as the final signed versions of the audited annual financial report and the auditor's report.
- (c) We have clearly differentiated between audited and unaudited information in the construction of the City's website and understand the risk of potential misrepresentation in the absence of appropriate controls.
- (d) We have assessed the security controls over the audited annual financial report and the auditor's report and are satisfied that procedures in place are adequate to ensure the integrity of the information provided.
- (e) We will ensure that where the auditor's report on the annual financial report is provided on the website, the annual financial report is also provided in full.

15. OTHER (UNAUDITED) INFORMATION IN THE ANNUAL REPORT

We will provide the final version of the annual report to you when available, to enable you to complete your required procedures.

Director Corporate Services
Name: Lorraine Driscoll

Date

Chief Executive Officer
Name: Mark Goodlet

Date

9.4 Moore Stephens Strategic Internal Audit Plan for 2nd Year and Update on Audit Function

Owner	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Director	Lorraine Driscoll – Director Corporate & Strategy
CEO	Mark Goodlet
Attachments	1. CONFIDENTIAL - Moore Stephens – Draft Strategic Audit Plan

Regulation 11(da) – Not Applicable – Recommendation Adopted

Moved – Councillor Hodsdon
 Seconded – Councillor Mangano

That the Recommendation to Committee be adopted.
 (Printed below for ease of reference)

CARRIED UNANIMOUSLY 4/-

Committee Recommendation / Recommendation to Committee

The Audit and Risk Committee:

- 1. receives the Strategic Internal Audit Plan prepared by the City’s Internal Auditors Moore Stephens; and**
- 2. observes that the review of the Business Continuity Plan is going to be held as the first audit area for 2nd year internal audit.**

Executive Summary

This report is prepared to present the Strategic Internal Audit Plan prepared by the City’s Internal Auditors Moore Stephens and to inform the Audit and Risk Committee about the review of the Business Continuity Management to be conducted as the first audit area for 2nd year. The Draft Strategic Internal Audit Plan was presented to the Audit and Risk Committee in the meeting held on 2 September 2019. The objective of the Strategic Internal Audit Plan is to inform the newly appointed Audit and Risk Committee about the internal audit areas covered in 2018/19 Financial Year and provide an outline of the areas considered to be of priority for the review in 2019/20 Financial Year. The areas to be considered in the 2019/20 Financial Year have been endorsed by the CEO and the prior Audit & Risk Committee.

Discussion/Overview

Regulation 17 of the Local Government (Audit) Regulations 1996 requires the CEO to conduct a triennial review of the appropriateness and effectiveness of a Local Government's systems and procedures in relation to risk management, legislative compliance and internal control. Internal audit is an essential function in meeting the requirements of this regulation.

The internal audit function facilitates continuous improvement and positive change within the City. This independent review and advice service assists management in improving the City's business performance and in achieving desired outcomes.

The internal auditor reports functionally to the Audit Committee and administratively to the CEO. In accordance with section 5.41 of the Local Government Act 1995, the CEO is responsible for the day to day management of council activities which implicitly includes the internal audit function.

The Strategic Internal Audit Plan has been designed to ensure that the activities of Internal Audit are focused on the risks that matter to the Council. Further, the plan has been prepared with input from the Executive Management, Senior Staff and the Internal Auditor. The plan seeks to adapt to the changing environment the City operates in and be flexible and responsive to the City's needs. This high-level plan has been developed and designed to:

- Strategically align with existing IT projects;
- Support governance focus;
- Provide an end to end review providing assurance around compliance, adequacy of controls and efficiency of processes;
- Identify increased risks due to high value capital projects, initiatives, large scale changes to legislative requirements, etc.; and
- Identify any areas which will provide the Council with greater value add from Internal Audit scrutiny.

Where matters of higher priority arise over the course of the three year plan, they will be considered and the detail of the plan may be revised to accommodate the new risk and the changes will be communicated where necessary.

The internal audit areas considered to be of priority for the review in 2019/20 Financial Year are:

1. Accounts Receivables End to End Process Review;
2. Business Continuity Management Review (carried forward from Year 1);
and
3. Payroll Compliance Audit.

Accordingly, the audit of Business Continuity Management Review is going to be conducted prior to 31 January 2020. The scope and objective of the audit will be to assess the adequacy of the City's policies, practices and procedures to manage business continuity in the following areas:

- BCP Plan;
- Data back-up procedures, schedules and execution;
- Data restore testing procedures, schedules and results; and
- Review of Disaster Recovery Plan and execution.

Key Relevant Previous Council Decisions:

Nil.

Consultation

Nil.

Budget/Financial Implications

The cost of External Audit fees was within the City's existing monetary budget limits for the 2019/20 Financial Year.

9.5 Internal Audit Actions Log

Owner	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Director	Lorraine Driscoll – Director Corporate & Strategy
CEO	Mark Goodlet
Attachments	1. CONFIDENTIAL - Internal Audit Actions Log

Regulation 11(da) – Not Applicable – Recommendation Adopted

Moved – Councillor Hodsdon
 Seconded – Councillor Senathirajah

That the Recommendation to Committee be adopted.
 (Printed below for ease of reference)

CARRIED UNANIMOUSLY 4/-

Committee Recommendation / Recommendation Adopted

The Audit and Risk Committee receives the internal audit Actions Log.

Executive Summary

The attached Internal Audit Actions Log contains details of the matters raised by the auditors during the City’s Internal Audit program. The list apportions information detailing the Log Reference, Audit Name, Original and Revised Due Dates, Action Owner details, Item Status and Status Comments.

The recently updated internal audit Actions Log is presented to the Audit and Risk Committee for their information.

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 Log.

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

The recently updated internal audit Actions Log 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.

9.6 Borrowings Analysis

Owner	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Director	Lorraine Driscoll – Director Corporate & Strategy
CEO	Mark Goodlet
Attachments	1. Borrowings Analysis Report 30 September 2019

Regulation 11(da) – Not Applicable - Recommendation Adopted

Moved – Councillor Senathirajah

Seconded – Councillor Hodsdon

That the Recommendation to Committee be adopted.

(Printed below for ease of reference)

CARRIED UNANIMOUSLY 4/-

Committee Recommendation / Recommendation to Committee

The Audit and Risk Committee receives the borrowings analysis report.

Executive Summary

The report is prepared to present the borrowings analysis report as at 30 September 2019. The City has total borrowings of \$7,508,431 as at 30 September 2019 at various interest rates ranging from 2.48% to 6.04%. No additional borrowings have been budgeted in the financial year 2019/20 and the balance at year end is estimated to be \$5,864,653.

Discussion/Overview

As at 30 September 2019, the City has a total of 11 borrowings, as follows:

Purpose	Number of loans	Value of loans
Capital works	6	\$3,955,765
Underground Power Project - City	1	\$2,300,963
Self-supporting – Dalkeith Bowling Club	1	\$89,077
Underground Power Projects – West Hollywood, Alfred Rd & Alderbury Res	3	\$730,093
Total	11	\$7,075,898

Key Relevant Previous Council Decisions:

Nil.

Consultation

Nil.

Budget/Financial Implications

The cost of interest on borrowings was within the City's existing monetary budget limits for the 2019/20 Financial Year.

10. Confidential Items

Nil.

11. Date of next meeting

The next meeting of the Audit and Risk Committee is to be advised.

Declaration of Closure

There being no further business, the Chair declared the meeting closed at 6.44 pm.



**SUMMARY STATEMENT OF BORROWING ACTIVITY
FOR THE PERIOD ENDING 30 SEPTEMBER 2019**

Purpose

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 188 - Underground Power (W.Hollywood Res)
 Loan 189 - Underground Power (Alfred & MTC Res)
 Loan 190 - Underground Power (Alderbury Res)

Self Supporting Loans

Loan 186 - Dalkeith Bowling Club

Total

	Actual YTD 30 SEPTEMBER 2019					
	Interest Rate Per Annum	Principal 01-Jul-19 \$	New loans \$	Principal Repayment \$	Principal 30-Sep-19 \$	Interest(YTD) \$
Loan 179 - Road Infrastructures	6.04%	654,992	0	(28,298)	626,694	9,748
Loan 181 - Building and Road Infrastructures	5.91%	498,901	0	(59,209)	439,692	7,080
Loan 182 - Building	4.67%	649,125	0	(61,575)	587,550	7,579
Loan 183 - Building	2.78%	1,031,607	0	(39,647)	991,960	7,078
Loan 184 - Building	3.12%	921,181	0	(32,096)	889,085	7,018
Loan 185 - Building	3.12%	435,974	0	(15,190)	420,784	3,322
Loan 187 - Underground Power (CON)	2.64%	2,464,759	0	(163,796)	2,300,963	16,267
Loan 188 - Underground Power (W.Hollywood Res)	3.07%	645,499	0	(66,873)	578,626	4,832
Loan 189 - Underground Power (Alfred & MTC Res)	3.07%	94,279	0	(9,767)	84,512	698
Loan 190 - Underground Power (Alderbury Res)	3.07%	66,956	0	0	66,956	506
		7,463,273	0	(476,451)	6,986,822	64,127
Loan 186 - Dalkeith Bowling Club	3.07%	92,445	0	(3,369)	89,077	710
					0	
Total		7,555,718	0	(479,820)	7,075,898	64,837

Adopted Budget 2019/20		
New loans \$	Principal 30-Jun-20 \$	Interest \$
0	539,211	36,972
0	256,766	24,184
0	398,479	25,967
0	871,357	27,018
0	791,286	27,231
0	374,498	12,888
0	1,831,084	58,831
0	578,626	18,277
0	84,512	2,669
0	60,019	1,896
0	5,785,838	235,933
0	78,815	2,682
0	5,864,653	238,615