



City of Nedlands

Minutes

Audit and Risk Committee Meeting

14 October 2013

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 Ordinary Council Meeting next following this meeting.

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City of Nedlands

Minutes of a meeting of the Audit and Risk Committee held in the Council Chamber at 71 Stirling Hwy, Nedlands on Thursday 21 February 2013 at 6.00 pm.

Declaration of Opening

The Presiding Member declared the meeting open at 6.00 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)

Committee Members	Councillor I S Argyle Councillor L J McManus Councillor S J Porter Councillor B G Hodsdon Councillor T James Mr K Eastwood	(Presiding Member) Coastal Districts Ward Dalkeith Ward Hollywood Ward Melvista Ward Community Member
Staff	Mr G Trevaskis Mr M Cole Mr R Senathirajah	Chief Executive Officer Director Corporate & Strategy Manager Finance
Press	Nil.	
Leave of Absence (Previously Approved)	Nil.	
Apologies	His Worship the Mayor	R M Hipkins
Absent	Nil.	
Guests	Mr A Macri Mr T Tan	Marci Partners Marci Partners

Disclaimer

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

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1. Public Question Time

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

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

There were no public questions.

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

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

There were no public addresses.

3. 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.

4. 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 of interests affecting impartiality

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

There were no declarations by members that they have not given due consideration to papers.

Mr A Macri distributed a document to Committee Members that outlined the purpose of the audit, the scope, audit approach and methodology. He suggested this document be considered again prior to the commencement of the interim audit for 2013/14.

6. Confirmation of Minutes

6.1 Audit and Risk Committee Meeting 21 February 2013

Moved – Councillor Hodsdon
 Seconded – Councillor James

The minutes of the Audit and Risk Committee held 21 February 2013 are confirmed.

CARRIED UNANIMOUSLY 5/-

7. Items for Discussion

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

7.1 Terms of Reference – Audit and Risk Committee

Applicant	City of Nedlands
Owner	City of Nedlands
Officer	Rajah Senathirajah – Manager Finance
Director	Michael Cole – Director Corporate & Strategy
File ref.	FIN/008-24
Previous Item No's	Nil

Note: This item is for information purpose only.

Purpose

To assist the Council 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

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.

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.
2. To address any specific requests referred to it from Council in relation to issues of risk and risk management.

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 may if it considers it appropriate appoint deputies to the 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 set out in 1 above.
4. The quorum for a meeting shall be three.
5. The term of membership expires with the expiry of the committee immediately prior to the next ordinary Council election.
6. 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.
7. The term of the presiding member expires with the expiry of the committee immediately prior to the next ordinary Council election; and
8. 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 3. above.
9. Community members are non-voting and have appropriate qualifications in Audit and Risk.

Staff

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

- Chief Executive Officer;
- Director of Corporate Services; and
- Manager Finance.

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,
- financial advisors,
- relevant consultants.

Meetings

The Committee shall have flexibility in relation to when it needs to meet, but as a minimum shall meet twice a year. 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; and
- meet with the auditor following the completion of the Annual Audit and the issue of the Audit Report.

7.2 Annual Financial Statement

Applicant	City of Nedlands
Owner	City of Nedlands
Officer	Rajah Senathirajah – Manager Finance
Director	Michael Cole – Director Corporate & Strategy
File ref.	FIN/008-24
Previous Item No's	Nil

Regulation 11(da) – Not applicable – Recommendation adopted.

Moved – Councillor Hodsdon

Seconded – Councillor McManus

Council:

1. In accordance with the provisions of *Section 5.54 of the Local Government Act 1995*, accepts the Financial Report of the City of Nedlands for the Year ended 30 June 2013 comprising:
 - a. The Financial Report
 - b. The Auditors Report; and
2. Refers the Financial Report for the year ended 30 June 2013 to the annual meeting of electors of the City of Nedlands

CARRIED UNANIMOUSLY 5/-

Committee Recommendation / Recommendation to Committee

Council:

1. In accordance with the provisions of *Section 5.54 of the Local Government Act 1995*, accepts the Financial Report of the City of Nedlands for the Year ended 30 June 2013 comprising:
 - a. The Financial Report
 - b. The Auditors Report; and
2. Refers the Financial Report for the year ended 30 June 2013 to the annual meeting of electors of the City of Nedlands

Executive Summary

The Audited Financial Report for the year ended 30 June 2013, including the Independent Auditor's Report is presented to the Audit & Risk Committee for its review, and to recommend to Council that it be received as part of the City's Annual Report for discussion at the annual meeting of electors.

Strategic Plan

KFA: Governance and Civic Leadership

The report enables Council to assess the financial performance of the City and compliance with the relevant statutory obligations.

Background

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

Once received Council is then required by *Section 5.27 of the Local Government Act of 1995* to hold an annual meeting of electors 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 2013 comprising the Financial Report and Independent Auditor's Report.

The Financial Report comprising the Accounts for the year ended 30 June 2013 was completed and submitted to Council's Auditor Macri Partners who completed their audit in September 2013.

Consultation

Required by legislation:	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Required by City of Nedlands policy:	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

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

In terms of Financial Performance the City completed the year with an operating surplus of \$1,136,629. This compares with an operating surplus of \$63,900 in the budget adopted in June 2012. The Operating Statement includes all operating revenues and expenses, both cash and non-cash, as well as grants and contributions for acquisition of assets. 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.

There were several significant factors contributing to the favourable variation of actual to adopted budget. The operating revenues, excluding contributions for capital acquisitions, were better than budget by \$93,956. The operating expenses show savings of \$1,352,290. Grants and contributions received for capital acquisitions, together with net profit on asset disposals, were below the budget by \$373,516.

The reasons for the significant variances are:

Revenue

1. Operating Grants and Contributions show an improvement over Budget of \$29,311 (1.6%). Although the City received in late June 2013 an advance of \$413,527 on the 2013/14 operating grant from the Grants Commission, this was largely off-set by \$401,736 of the grant budgeted for 2012/13 being received the previous financial year.
2. Fees and charges raised were better than budget by \$61,213 (1.0%), due mainly to more than anticipated parking infringements being issued.
3. The City earned \$164,958 less than budgeted from the investment of funds surplus to its immediate requirements. This was due to a drop in interest rates by banks, coupled with the restrictions on placement of the funds to the "big four" banks and the maximum percentage that can be placed with any one institution.
4. Rates levied were \$71,911 (0.40%) more than what was anticipated at the time of Budget adoption. The increase was due to improvements to properties, resulting in higher Gross Rental Values.

Operating Expenses

1. The operating expenses for the year were \$27,103,910. Compared to the Budget of \$28,456,200, this is an overall saving of \$1,352,290 (4.8 %).
2. Most of the operating expenses were close to budget, with the bulk of the 'savings' coming from depreciation of non-current assets. This reduction in depreciation expenses was due to the implementation of the Roman II system for the valuation of the components of the roads, and the application of different useful life to the different components. This resulted in total depreciation dropping by \$1.54 million compared to the Budget.
3. Employee costs were up by \$550,931 (5.7 %) compared to the Budget. This was due to a combination of lower vacancy factor and review of salaries in line with the Mercer recommendations.
4. Materials and Contracts costs are down by \$287,932 (2.8%) compared to the Budget. This is partly due to the deferment of some operating projects.
5. Insurance expenses have come down by \$55,700. This is mainly due to the drop in premiums on motor vehicles insurance, in turn resulting from the switch to replacement of the light fleet after 3 years instead of after two years' use and the use of market values.

Capital Works

During the financial year the City spent \$6.62 million in carrying out its capital works program. The major share of the funds, \$3.58 million, was utilised in improving infrastructure assets –roads, drainage, parks and gardens – with another \$1.34 million used for upgrading and renovating the City's buildings and purchase of plant and equipment. The City also purchased the land next to the Administration buildings, together with the house on it, for \$1.71 million. This purchase was fully funded from the City's Reserves.

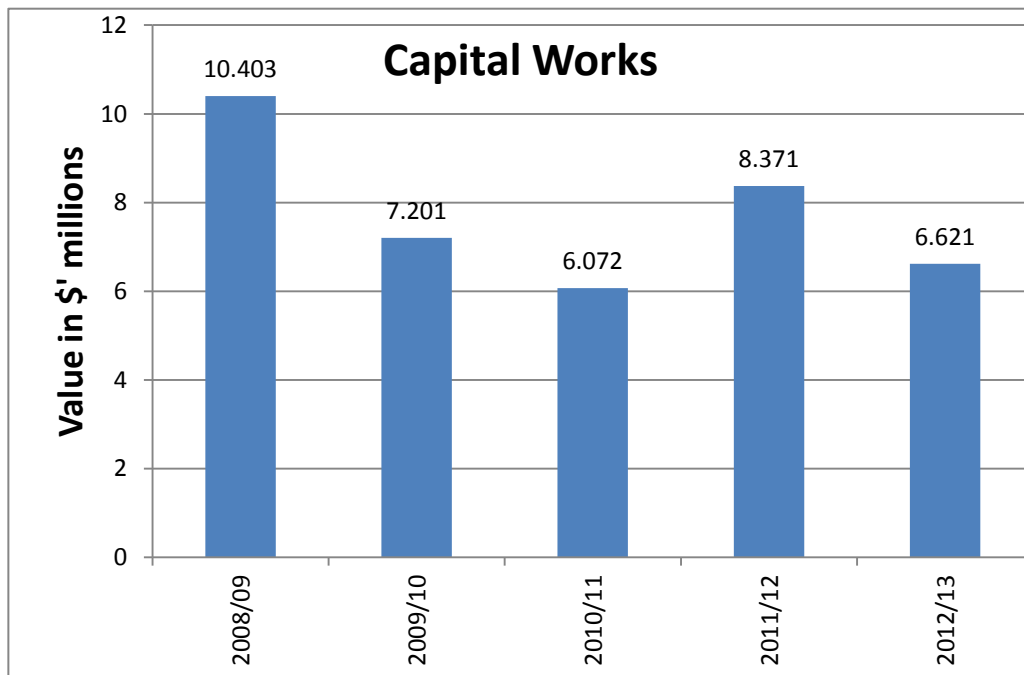
The original capital budget for the year was \$7.09 million. During the mid-year Budget Review this was amended to \$10.01 million. However, a number of projects were not completed during the year and are carried forward to 2013/14. Some of these have been re-budgeted in the 2013/14 budget adopted in June 2013; the funds carried over for those that have not been re-budgeted include:

River Wall Maintenance (unspent)	- \$ 306,400
Adams Road	- \$ 171,200
Alfred Road (Black Spot)	- \$ 37,000
Stirling Hway/Vincent St	- \$ 20,500

Stirling Hwy/Florence	- \$ 20,600
Nedlands Library	-\$ 150,000
Allen Park Lower Pavillion	-\$ 60,100
Administration Building Roof	- \$ 121,400
City Wide Building Repairs	- \$ 60,000
College Park Practice Wickets	- \$ 30,100
IT Disaster Recovery Centre	- \$ 258,000

Of the total funds expended on capital works, \$914,000 were from grants and contributions. The balance was made up of operating surplus, sale of plant, depreciation write-back and drawdown from Reserves.

The value of capital works completed during the past 5 years is shown in the following chart. It is to be noted that the high value of capital works in 2008/09 is due to the construction of the Karrakatta Underpass which was completed in that year.



Revaluation of Assets

The City's Accounting Policy, as well as the Australian Accounting Standards, requires certain asset classes to be revalued on a regular basis such that the carrying values in the books are not materially different from fair value. Towards the end of 2012/13 financial year the City assessed the fair value of the City's Plant and Equipment, and the relevant asset records have been amended effective 30 June 2013. The impact of the revaluation is the recognition in Other Comprehensive Income of a notional gain of \$458,442, and a corresponding increase in the Asset Revaluation Reserves.

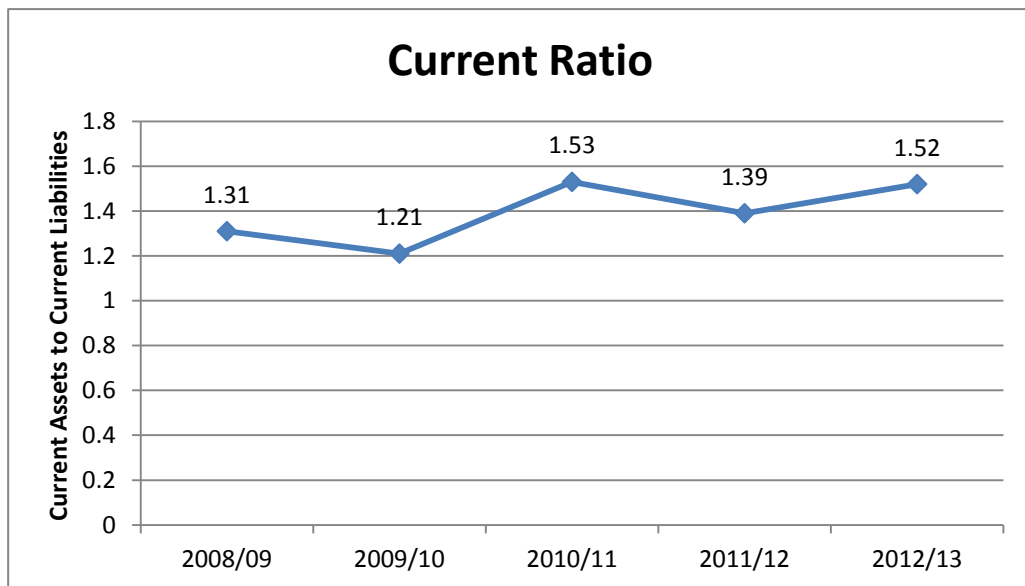
It is to be noted that the revaluation does not have any impact on the cash position of the City.

Financial Performance Indicators

The Financial Ratios in Note 18 to the accounts give an overview of the financial performance of the City in 2012/13 compared with the previous two years. Three of the key indicators are charted below, for the past 5 years.

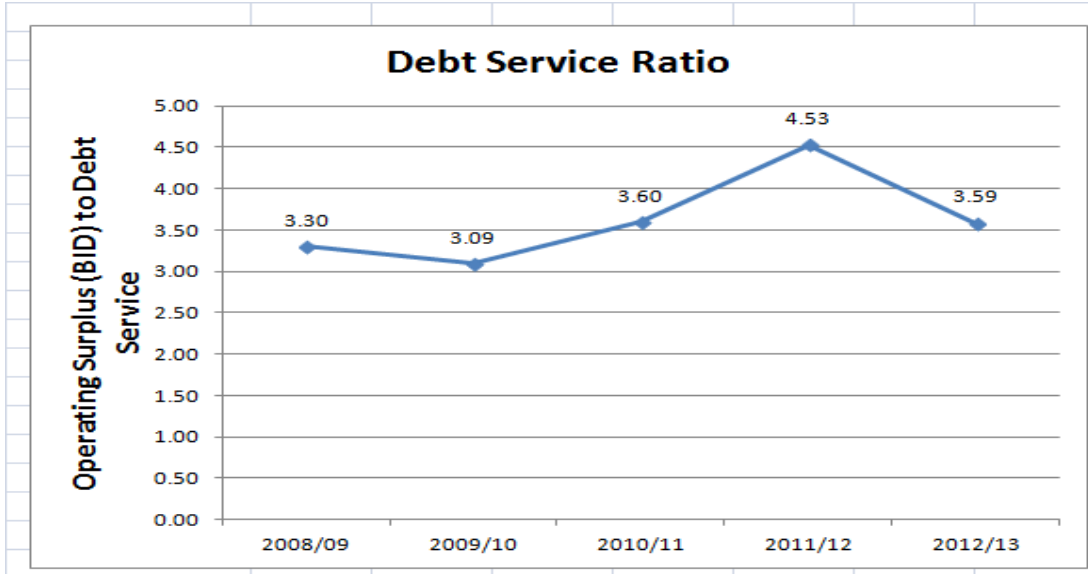
Current Ratio

The Current Ratio is a liquidity ratio which indicates the ability of the City to meet its short-term financial obligations out of unrestricted current assets. A ratio greater than 1.00 is preferred. The chart shows that the City has had good liquidity levels of 1.21 to 1.53 over the past 5 years.



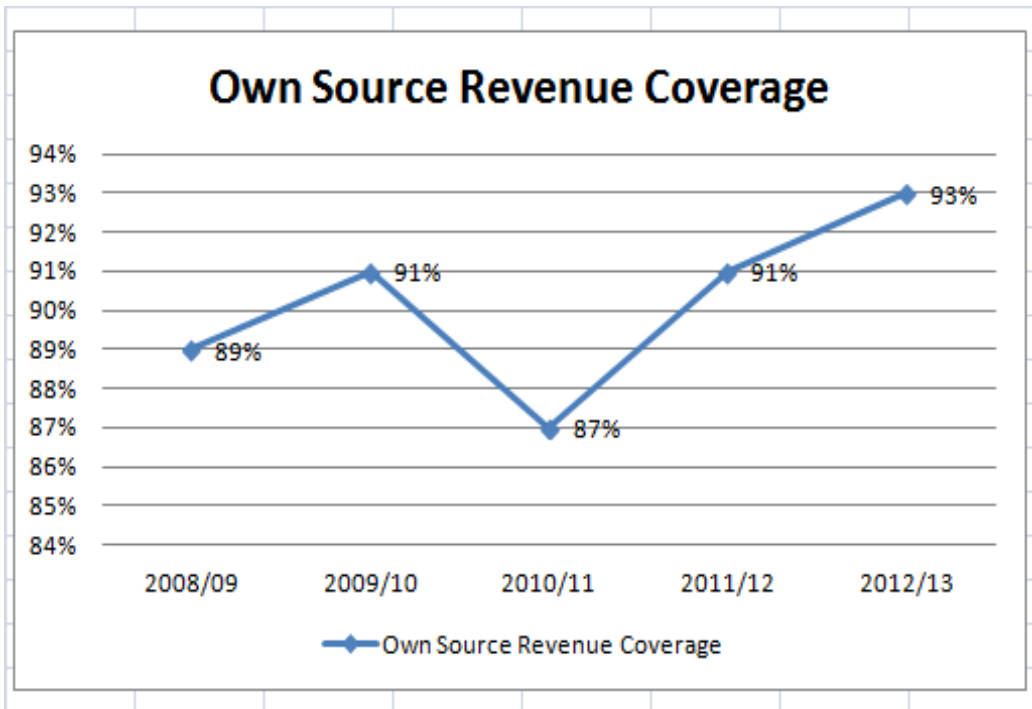
Debt Service Cover Ratio

The Debt Service Cover Ratio measures the capacity of the City to service its debt (principal and interest, as they become due) out of its available operating surplus before interest and depreciation. A Basic standard is achieved if the ratio is equal to or greater than 2. The City's debt service cover ratio was 3.59 for 2012/13, and has been above 3.09 for the past 5 years.



Own Source Coverage Ratio

This ratio is a measure of the City’s ability to cover its costs through its own revenue efforts – rates and service charges, fees and user charges, reimbursements and recoveries, interest income and profit on disposal of assets. A ratio in the 60% to 90% range is considered healthy for medium sized local governments without a major source of user-pay fee revenue like parking. The City’s Own Source Coverage has averaged around the upper limit of the range over the past five years.



Audit Report

The City's Auditor, Macri Partners, has given a standard form unqualified Audit Report for 2012/13.

Risk Management

Not applicable.

Conclusion

That the Committee recommends to Council the acceptance of the Financial Report for the City of Nedlands for the year ended 30 June 2013 comprising the Financial Report and the Auditor's Report.

Attachment

1. Financial Report for the City of Nedlands for the year ended 30 June 2013

The Presiding Member thanked the Auditors for their Time.

Mr Macri and Mr Tan left the meeting at 6:40 pm.

CITY OF NEDLANDS
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

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CITY OF NEDLANDS
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City of Nedlands being the annual financial report and other information for the financial year ended 30 June 2013 are in my opinion properly drawn up to present fairly the financial position of the City of Nedlands at 30th June 2013 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

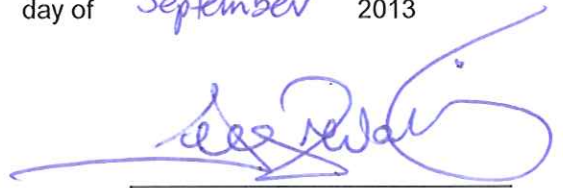
Signed as authorisation of issue on the

18th

day of

September

2013



Greg Trevaskis
Chief Executive Officer

CITY OF NEDLANDS
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Rates	22(a)	17,900,311	17,828,400	16,673,692
Operating Grants, Subsidies and Contributions	27	1,884,311	1,855,000	2,110,895
Fees and Charges	26	6,472,813	6,411,600	6,333,547
Interest Earnings	2(a)	894,142	1,059,100	1,214,001
Other Revenue		154,480	58,000	125,764
		<u>27,306,056</u>	<u>27,212,100</u>	<u>26,457,900</u>
Expenses				
Employee Costs		(10,267,931)	(9,717,000)	(9,062,398)
Materials and Contracts		(9,839,168)	(10,127,100)	(9,624,063)
Utility Charges		(813,551)	(846,800)	(711,933)
Depreciation on Non-Current Assets	2(a)	(4,843,963)	(6,383,800)	(5,956,406)
Interest Expenses	2(a)	(358,615)	(378,400)	(384,167)
Insurance Expenses		(360,134)	(415,700)	(388,059)
Other Expenditure		(620,549)	(587,400)	(440,096)
		<u>(27,103,910)</u>	<u>(28,456,200)</u>	<u>(26,567,122)</u>
		202,146	(1,244,100)	(109,223)
Non-Operating Grants, Subsidies and Contributions	27	914,045	1,277,900	1,468,030
Profit on Asset Disposals	20	20,468	35,000	67,596
Loss on Asset Disposal	20	(29)	(4,900)	(8,098)
		<u>934,584</u>	<u>1,308,000</u>	<u>1,427,528</u>
Net Result		1,136,629	63,900	1,418,305
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets		458,442	-	(12,681,698)
		<u>458,442</u>	<u>-</u>	<u>(12,681,698)</u>
Total Other Comprehensive Income		458,442	-	(12,681,698)
		<u>1,595,071</u>	<u>63,900</u>	<u>(11,263,393)</u>
Total Comprehensive Income		1,595,071	63,900	(11,263,393)

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 30 JUNE 2013

	NOTE	2013	2013 Budget	2012
		\$	\$	\$
Revenue				
Governance		203,178	115,000	187,334
General Purpose Funding		19,659,768	19,706,500	18,912,010
Law, Order, Public Safety		60,664	319,200	70,179
Health		95,309	60,000	45,240
Education and Welfare		1,362,059	1,295,500	1,271,194
Community Amenities		4,167,728	4,236,700	4,035,577
Recreation and Culture		645,042	591,200	684,620
Transport		519,143	86,300	435,684
Economic Services		578,153	789,700	801,370
Other Property and Services		15,012	12,000	14,692
		<u>27,306,056</u>	<u>27,212,100</u>	<u>26,457,900</u>
Expenses				
Governance		(1,786,031)	(1,692,300)	(1,740,294)
General Purpose Funding		(211,844)	(218,400)	(189,891)
Law, Order, Public Safety		(873,666)	(900,500)	(769,801)
Health		(418,897)	(400,800)	(371,971)
Education and Welfare		(2,509,624)	(2,569,300)	(2,303,440)
Community Amenities		(5,286,980)	(5,362,500)	(4,787,780)
Recreation and Culture		(7,246,473)	(6,959,200)	(6,567,144)
Transport		(4,576,164)	(5,922,300)	(5,953,874)
Economic Services		(3,554,070)	(3,336,600)	(3,442,230)
Other Property and Services		(281,547)	(715,900)	(56,531)
		<u>(26,745,296)</u>	<u>(28,077,800)</u>	<u>(26,182,956)</u>
Finance Costs				
General Purpose Funding		(358,615)	(378,400)	(384,167)
	2(a)	<u>(358,615)</u>	<u>(378,400)</u>	<u>(384,167)</u>
Non-Operating Grants, Subsidies and Contributions				
Education & Welfare		-	-	143,170
Recreation & Culture		258,263	446,100	520,000
Transport		655,782	831,800	804,860
		<u>914,045</u>	<u>1,277,900</u>	<u>1,468,030</u>
Profit/(Loss) on Disposal of Assets				
Other Property and Services	20	20,468	30,100	56,612
Governance	20	(29)	-	2,886
		<u>20,439</u>	<u>30,100</u>	<u>59,498</u>
Net Result		<u>1,136,629</u>	<u>63,900</u>	<u>1,418,305</u>
Other Comprehensive Income				
Changes on Revaluation of Non-current Assets		458,442	-	(12,681,698)
Total Other Comprehensive Income		<u>458,442</u>	<u>-</u>	<u>(12,681,698)</u>
Total Comprehensive Income		<u><u>1,595,071</u></u>	<u><u>63,900</u></u>	<u><u>(11,263,393)</u></u>

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

**CITY OF NEDLANDS
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2013**

	NOTE	2013 \$	2012 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	9,264,584	11,567,629
Trade and Other Receivables	4	1,186,140	893,331
Inventories	5	13,522	31,611
TOTAL CURRENT ASSETS		<u>10,464,246</u>	<u>12,492,571</u>
NON-CURRENT ASSETS			
Other Receivables	4	332,710	305,828
Property, Plant and Equipment	6	59,668,201	57,950,670
Infrastructure	7	73,432,117	73,048,446
TOTAL NON-CURRENT ASSETS		<u>133,433,028</u>	<u>131,304,944</u>
TOTAL ASSETS		<u>143,897,274</u>	<u>143,797,514</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	1,689,075	2,344,195
Long Term Borrowings	9	1,219,420	1,152,827
Provisions	10	1,459,436	1,257,100
TOTAL CURRENT LIABILITIES		<u>4,367,931</u>	<u>4,754,122</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	4,789,859	6,009,279
Provisions	10	243,610	133,310
TOTAL NON-CURRENT LIABILITIES		<u>5,033,469</u>	<u>6,142,589</u>
TOTAL LIABILITIES		<u>9,401,400</u>	<u>10,896,711</u>
NET ASSETS		<u>134,495,874</u>	<u>132,900,803</u>
EQUITY			
Retained Surplus		62,796,111	60,255,735
Reserves - Cash Backed	11	3,810,643	5,214,390
Revaluation Surplus	12	67,889,120	67,430,678
TOTAL EQUITY		<u>134,495,874</u>	<u>132,900,803</u>

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

**CITY OF NEDLANDS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2011		59,122,960	4,928,860	80,112,376	144,164,196
Net Result		1,418,305	-	-	1,418,305
Change on revaluation of Non-Current Assets	12	-	-	(12,681,698)	(12,681,698)
Total Comprehensive Income		1,418,305	-	(12,681,698)	(11,263,393)
Reserve Transfers		(285,530)	285,530	-	-
Balance as at 30 June 2012		60,255,735	5,214,390	67,430,678	132,900,803
Net Result		1,136,629	-	-	1,136,629
Change on revaluation of Non-Current Assets	12	-	-	458,442	458,442
Total Comprehensive Income		1,136,629	-	458,442	1,595,071
Reserve Transfers		1,403,747	(1,403,747)	-	-
Balance as at 30 June 2013		62,796,111	3,810,643	67,889,120	134,495,874

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

**CITY OF NEDLANDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013**

	NOTE	2013	2013 Budget	2012
Cash Flows From Operating Activities		\$	\$	\$
Receipts				
Rates		17,345,271	17,810,600	16,506,073
Operating Grants, Subsidies and Contributions		1,884,311	1,855,000	2,110,895
Fees and Charges		6,578,537	6,412,800	6,041,865
Interest Earnings		894,142	1,059,100	1,214,001
Other Revenue		154,480	58,000	639,237
		<u>26,856,741</u>	<u>27,195,500</u>	<u>26,512,071</u>
Payments				
Employee Costs		(9,897,459)	(9,678,500)	(9,038,796)
Materials and Contracts		(10,525,153)	(10,157,400)	(10,245,020)
Utility Charges		(813,551)	(846,800)	(711,934)
Insurance Expenses		(367,497)	(415,700)	(388,059)
Interest expenses		(360,134)	(378,400)	(387,848)
Goods and Services Tax		129,625	-	(37,961)
Other Expenditure		(620,549)	(587,400)	(440,096)
		<u>(22,454,718)</u>	<u>(22,064,200)</u>	<u>(21,249,714)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>4,402,023</u>	<u>5,131,300</u>	<u>5,262,361</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment	6	(3,044,563)	(1,392,500)	(3,607,456)
Payments for Construction of Infrastructure	7	(3,576,503)	(5,696,200)	(4,763,790)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets	27	914,045	1,277,900	1,468,030
Proceeds from Sale of Plant & Equipment		154,782	118,500	363,676
		<u>154,782</u>	<u>118,500</u>	<u>363,676</u>
Net Cash Provided By (Used In) Investing Activities		<u>(5,552,239)</u>	<u>(5,692,300)</u>	<u>(6,539,540)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	21(a)	(1,152,827)	(1,212,800)	(1,004,455)
Proceeds from New Debentures		-	-	2,200,000
		<u>-</u>	<u>-</u>	<u>2,200,000</u>
Net Cash Provided By (Used In) Financing Activities		<u>(1,152,827)</u>	<u>(1,212,800)</u>	<u>1,195,545</u>
Net Increase (Decrease) in Cash Held		(2,303,045)	(1,773,800)	(81,634)
Cash at Beginning of Year		11,567,629	10,769,700	11,649,263
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>9,264,584</u></u>	<u><u>8,995,900</u></u>	<u><u>11,567,629</u></u>

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

**CITY OF NEDLANDS
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013**

	NOTE	2013 Actual \$	2013 Budget \$	2012 Actual \$
Revenue				
Governance		203,178	115,000	190,220
General Purpose Funding		1,759,457	1,878,100	2,238,318
Law, Order, Public Safety		60,664	319,200	70,179
Health		95,309	60,000	45,240
Education and Welfare		1,362,059	1,295,500	1,414,364
Community Amenities		4,167,728	4,236,700	4,035,577
Recreation and Culture		903,305	1,037,300	1,204,620
Transport		1,174,925	918,100	1,240,544
Economic Services		578,153	789,700	801,370
Other Property and Services		35,480	12,000	71,304
		<u>10,340,258</u>	<u>10,661,600</u>	<u>11,311,736</u>
Expenses				
Governance		(1,786,060)	(1,692,300)	(1,740,294)
General Purpose Funding		(570,459)	(596,800)	(574,058)
Law, Order, Public Safety		(873,666)	(900,500)	(769,801)
Health		(418,897)	(400,800)	(371,971)
Education and Welfare		(2,509,624)	(2,569,300)	(2,303,440)
Community Amenities		(5,286,980)	(5,362,500)	(4,787,780)
Recreation and Culture		(7,246,473)	(6,959,200)	(6,567,144)
Transport		(4,576,164)	(5,922,300)	(5,953,874)
Economic Services		(3,554,070)	(3,336,600)	(3,442,230)
Other Property and Services		(281,547)	(715,900)	(56,531)
		<u>(27,103,940)</u>	<u>(28,456,200)</u>	<u>(26,567,123)</u>
Net Result Excluding Rates		(16,763,682)	(17,794,600)	(15,255,387)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	20	(20,439)	-	(59,498)
Movement in Deferred Pensioner Rates (Non-Current)		(26,882)	-	(44,638)
Movement in Employee Benefit Provisions (Non-Current)		110,300	-	(26,981)
Depreciation and Amortisation on Assets	2(a)	4,843,963	6,383,800	5,956,406
Capital Expenditure and Revenue				
Purchase Land and Buildings		(2,518,323)	(673,500)	(2,618,188)
Purchase Infrastructure Assets - Roads		(2,366,319)	(4,175,400)	(2,685,895)
Purchase Infrastructure Assets - Parks & Reserves		(1,210,184)	(1,520,800)	(2,077,895)
Purchase Plant and Equipment		(394,754)	(336,000)	(630,279)
Purchase Furniture and Equipment		(131,486)	(383,000)	(358,989)
Proceeds from Disposal of Assets	20	154,782	118,500	363,676
Repayment of Debentures	21(a)	(1,152,827)	(1,212,800)	(1,004,455)
Proceeds from New Debentures	21	-	-	2,200,000
Transfers to Reserves (Restricted Assets)	11	(305,937)	(400,000)	(285,530)
Transfers from Reserves (Restricted Assets)	11	1,709,684	1,100,000	-
ADD Surplus/(Deficit) July 1 B/Fwd	22(b)	3,676,886	1,093,700	3,530,849
LESS Surplus/(Deficit) June 30 C/Fwd	22(b)	3,505,091	28,300	3,676,886
Amount Required to be Raised from Rates	22(a)	<u>(17,900,311)</u>	<u>(17,828,400)</u>	<u>(16,673,692)</u>

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 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of the 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.

(b) The Local Government Reporting Entity

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

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

Trust Funds

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 19 to these financial statements.

(c) Goods and Services Tax

Revenues, expenses and assets capitalised are stated net of any GST recoverable.

Receivables and payables in the statement of financial position are stated inclusive of applicable GST. 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.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits held at call with banks, other short term highly liquid investments with maturities that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities in the statement of financial position.

(e) Trade and Other Receivables

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

(f) Inventories

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.

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until Finance costs and holding charges incurred after development is completed are expensed.

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing an unconditional contract of sale.

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

(g) Property, Plant and Equipment and Infrastructure

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

Initial Recognition

All assets are initially recognised at cost. 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 Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Application of Fair Value to Local Government Financial Reporting

Regulation 17A of the Local Government (Financial Management) Regulations 1996 mandates the measurement of non-current assets at Fair Value effective from 1 July 2012.

The table provides the phased-in implementation of fair value in accordance with the timeframe below:

Financial Year	Asset Group - Resources
2012/13	Plant & Equipment
2013/14 or 2014/15	Land and Buildings
2013/14 or 2014/15 (alternate year to land and buildings)	Infrastructure
2014/15	All other classes of assets

Thereafter, in accordance with the Regulations, each asset class must be revalued at least every 3 years.

The Council has commenced the process of adopting Fair Value in accordance with the Regulations. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16(a), the Council is 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 facility of State or regional significance.

The City has two golf courses which have been leased to private clubs. These are currently held in the books at nil value, but will have fair values assigned to them when independent valuation is carried out by June 2014.

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 AASB1051 - 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 Council.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revaluation

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

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date (Level 1 inputs in the fair value hierarchy).

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value impose a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

Transitional Arrangement

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the Initial Recognition section as detailed above.

Those assets carried at fair value will be carried in accordance with the Revaluation methodology section as detailed above.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets

All non-current assets having a limited useful life (excluding freehold land) are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Buildings	40 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement	50 years
seal - bituminous / asphalt	20 years
Gravel roads formation	not depreciated
pavement	50 years
gravel sheet	12 years
Formed roads formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

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. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Capitalisation Threshold

Expenditure on items of equipment under \$1,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

(h) Intangible Assets

Easements

Regulation 16 of the Local Government (Financial Management) Regulations 1996 requires easements to be recognised as assets.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Easements (continued)

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

(i) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

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

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

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

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

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

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

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets).

(iii) Held-to-maturity investments

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

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

If during the period the Council sold or reclassified more than a significant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

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

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

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(vi) Fair Value

Fair value is determined based on current bid prices of all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including arm's length transactions, reference to similar instruments and option pricing models.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment

At each reporting date, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

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

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. 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.

(i) Impairment

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

Where such an indication exists, an 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 (eg AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

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

(j) Trade and Other Payables

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

(k) Employee Benefits

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for the benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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.

(m) Provisions

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result; and
- c) 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.

(n) Leases

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

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

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

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

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

(o) Joint Venture

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. The Council has no joint ventures.

(p) Rates, Grants, Donations and Other Contributions

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

(r) Carbon Tax

The Council does not have a direct carbon price liability as it does not fall within the "Major Polluters" as defined by the Australian Government. It will be impacted by the indirect flow-through of the carbon price via increased costs on its operations largely from costs increases in electricity, materials and waste disposal in landfills.

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

(v) 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.

(w) Event after the Reporting Period

Subsequent to year end, the State Government has announced the proposed amalgamation of some metropolitan local councils. The impact on the City of Nedlands of this amalgamation has yet to be determined.

**CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations for Application in Future Periods

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

Management's assessment of the new and amended pronouncement that are relevant to the Council, applicable to future reporting periods and which have

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
AASB 2012 – 6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and Transition Disclosures	September 2012	Deferred AASB 9 until 1 January 2015	
(ii) AASB 2009 – 11 Amendments to Australian Accounting Standards arising from AASB 9	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)			

**CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(iii) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iv) AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 -Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	01 January 2013	Nil - None of these.

**CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB 2011 - 9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.
(vi) AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2012-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(vii) AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 32]	June 2012	01 January 2013	Principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This Standard is not expected to significantly impact on the Council's financial statements.

**CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2012	01 January 2014	<p>This Standard adds application guidance to AASB 132: <i>Financial Instruments: Presentation</i> to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.</p> <p>This Standard is not expected to significantly impact on the Council’s financial statements.</p>
(ix) AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132, 134 and Interpretation 2]	June 2012	01 January 2013	<p>Outlines changes to the various standards and interpretations as listed. These topics are not currently relevant to Council, nor are they expected to be in the future. As a consequence, this Standard is not expected to significantly impact on the Council’s financial statements.</p>
(x) AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]	December 2012	01 January 2013	<p>Mainly consequential changes relating to transition guidance. It is not expected to have a significant impact on Council.</p>

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

**CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 2010 – 8

AASB 2011 - 3

AASB 2011 - 13

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

2. REVENUE AND EXPENSES

(a) Net Result	2013	2012
	\$	\$
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit of Financial Report	22,030	10,000
- Audit of Project	1,700	2,400
	<u>23,730</u>	<u>12,400</u>
Depreciation		
Buildings	687,573	567,479
Furniture and Equipment	230,014	242,836
Plant and Equipment	733,544	651,165
Roads	1,987,239	3,390,438
Footpaths	395,403	417,157
Drainage	217,534	197,536
Parks, Gardens & Reserves	581,389	477,494
Street Furniture	11,267	12,301
	<u>4,843,963</u>	<u>5,956,406</u>
Interest Expenses (Finance Costs)		
Debentures (<i>refer Note 21(a)</i>)	<u>358,615</u>	<u>384,167</u>
Rental Charges		
- Operating Leases	<u>68,636</u>	<u>98,425</u>
(ii) Crediting as Revenue:		
	2013	2013
	\$	Budget
		2012
		\$
Interest Earnings		
Investments		
- Reserve Funds	225,937	275,000
- Other Funds	465,359	620,000
Other Interest Revenue (<i>refer note 25</i>)	202,846	174,283
	<u>894,142</u>	<u>1,059,100</u>
		<u>1,214,001</u>

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, the City of Nedlands has developed operational and financial objectives. These objectives have been established both on an overall basis and for each of its broad activities/programs.

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

GOVERNANCE

Objective: To provide a decision making process for the efficient allocation of scarce resources.

Activities: Includes the activities of members of council, the administrative support available to the council for the provision of governance of the district, and corporate services.

GENERAL PURPOSE FUNDING

Objective: To collect revenue to allow for the provision of services.

Activities: Rates, general purpose government grants, and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective: To provide services to help ensure a safer and environmentally conscious community.

Activities: Supervision and enforcement of various local laws relating to fire prevention, animal control and protection of the environment and other aspects of public safety including emergency services.

HEALTH

Objective: To provide services that will ensure a healthy environment.

Activities: Regulation and monitoring of food premises, and management of pest control.

EDUCATION AND WELFARE

Objective: To provide services that will assist the elderly to enjoy meaningful independent living, and child care services.

Activities: Home and Community Care (HACC) services, Meals on Wheels, Seniors' activities and Occasional Child Care services.

COMMUNITY AMENITIES

Objective: To provide services required by the community.

Activities: 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.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

RECREATION AND CULTURE

Objective: To establish and effectively manage infrastructure and resources which will help the

Activities: Maintenance of public halls, civic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, and facilitating of cultural activities.

TRANSPORT

Objective: To provide safe, effective and efficient transport services to the community.

Activities: Construction and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting, drainage etc. Control of parking and enforcement of parking local laws.

ECONOMIC SERVICES

Objective: To help promote the City and it's economic wellbeing.

Activities: Maintenance of the City's buildings and natural areas. Building control.

OTHER PROPERTY AND SERVICES

Objective: To monitor and control council's overheads operating accounts.

Activities: Private works operation cost, plant repair and operation costs and infrastructure services operation costs.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

<u>Grant/Contribution</u>	<u>Function/ Activity</u>	<u>Opening Balance (*) 01-Jul-11 \$</u>	<u>Received (+) 2011/12 \$</u>	<u>Expended (#) 2011/12 \$</u>	<u>Closing Balance (*) 30-Jun-12 \$</u>	<u>Received (+) 2012/13 \$</u>	<u>Expended (#) 2012/13 \$</u>	<u>Closing Balance 30-Jun-13 \$</u>
Department of Sports	Sports for Kids	-	30,000	(4,400)	25,600	-	(3,131)	22,469
Office of Crime Prevention	Boatsafe	-	2,500	-	2,500	-	-	2,500
Total		<u>-</u>	<u>32,500</u>	<u>(4,400)</u>	<u>28,100</u>	<u>-</u>	<u>(3,131)</u>	<u>24,969</u>

Notes:

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

(+) - 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.

(#) - 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 30 JUNE 2013

	2013	2012
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	5,428,972	5,679,139
Restricted	<u>3,835,612</u>	<u>5,888,490</u>
	<u><u>9,264,584</u></u>	<u><u>11,567,629</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Plant Replacement Reserve	229,701	219,815
City Development Reserve	346,329	1,488,358
North Street Reserve	1,125,114	1,073,224
Welfare Reserve	411,565	392,435
Services Reserve	821,074	1,201,202
Insurance Reserve	54,072	51,745
Waste Management Reserve	146,745	139,998
Building Replacement Reserve	564,370	541,074
Swanbourne Reserve	111,673	106,539
Unspent Loans	-	646,000
Unspent Grants	<u>24,969</u>	<u>28,100</u>
	<u><u>3,835,612</u></u>	<u><u>5,888,490</u></u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	869,358	341,200
Sundry Debtors	202,665	308,389
Less: Provision for Doubtful Debts	(11,473)	(11,473)
GST Receivable	<u>125,590</u>	<u>255,215</u>
	<u><u>1,186,140</u></u>	<u><u>893,331</u></u>
Non-Current		
Rates Outstanding - Pensioners	<u><u>332,710</u></u>	<u><u>305,828</u></u>
5. INVENTORIES		
Current		
Fuel and Oil	<u><u>13,522</u></u>	<u><u>31,611</u></u>

**CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Land at:		
Management Valuation 2013	<u>30,400,582</u>	<u>29,344,000</u>
	30,400,582	29,344,000
Buildings at:		
Management Valuation 2013	25,514,877	25,308,188
Less Accumulated Depreciation	-	(567,479)
Total Buildings	<u>25,514,877</u>	<u>24,740,709</u>
Total Land and Buildings	<u>55,915,459</u>	<u>54,084,709</u>
Furniture and Equipment - Management Valuation 2013	824,825	3,963,782
Less Accumulated Depreciation	-	(3,040,400)
	<u>824,825</u>	<u>923,382</u>
Plant and Equipment -Management Valuation 2013	2,927,917	5,353,637
Less Accumulated Depreciation	-	(2,411,058)
	<u>2,927,917</u>	<u>2,942,579</u>
	<u>59,668,201</u>	<u>57,950,670</u>

Land and Buildings:

Independent valuation was done in 2011 to obtain fair value all the City's land and buildings. Management has decided that the values obtained in 2011, less accumulated depreciation for buildings, represent fair value as at 30 June 2013. Additions since the independent valuation are included at cost.

The City has two golf courses under its control but leased to private clubs. These are crown land, and were not included in the independent valuation done in 2011. They are currently in the City's Asset Register at nil value. As required by Regulation 17A(3), independent valuation will be carried out to obtain fair values by 30 June 2014.

Motor Vehicles and Plant have been revalued as at 30 June 2013 by Management. The current market value was based on Glass' Guide, and cross checked with the Red Book. Recent history on the disposal of similar vehicles and plant also influenced the values recorded as fair value.

The revaluation of these assets resulted in net increase of \$458,442, which amount has been credited to the revaluation surplus in equity. The amount is also recognised as changes on revaluation of non-assets in the Statement of Comprehensive Income.

Furniture and Equipment:

Most of the information technology and office equipment are replaced at regular intervals, and it has been decided that the written down values represent their respective fair values. No further revaluation is required of these equipment.

Office furniture are generally low value items, and Management has determined that the written down values in the Asset Register represent fair value. Hence no further revaluation has been undertaken.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land (Level 2) \$	Non- Specialised Buildings (Level 2) \$	Specialised Buildings (Level 3) \$	Total Buildings \$	Total Land and Buildings \$	Plant and Equipment (Level 2) \$	Furniture and Equipment (Level 3) \$	Total \$
Balance as at the beginning of the year	29,344,000	1,198,701	23,542,008	24,740,709	54,084,709	2,942,578	923,382	57,950,669
Additions	1,056,582	650,000	811,741	1,461,741	2,518,323	394,754	131,486	3,044,563
(Disposals)	-	-	-	-	-	(134,314)	(29)	(134,343)
Revaluation - Increments	-	-	-	-	-	458,443	-	458,443
- (Decrements)	-	-	-	-	-	-	-	-
Depreciation (Expense)	-	(36,028)	(651,545)	(687,573)	(687,573)	(733,544)	(230,014)	(1,651,131)
Carrying amount at the end of year	<u>30,400,582</u>	<u>1,812,673</u>	<u>23,702,204</u>	<u>25,514,877</u>	<u>55,915,459</u>	<u>2,927,917</u>	<u>824,825</u>	<u>59,668,201</u>

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013	2012
	\$	\$
7. INFRASTRUCTURE		
Roads - Management Valuation	52,512,174	50,693,331
Less Accumulated Depreciation	<u>(1,987,239)</u>	<u>-</u>
	50,524,935	50,693,331
Footpaths - Cost	8,681,338	8,504,455
Less Accumulated Depreciation	<u>(2,860,982)</u>	<u>(2,465,579)</u>
	5,820,356	6,038,876
Drainage - Management Valuation	7,938,084	7,567,491
Less Accumulated Depreciation	<u>(609,239)</u>	<u>(391,705)</u>
	7,328,845	7,175,786
Parks - Cost	10,542,918	9,332,734
Less Accumulated Depreciation	<u>(2,273,059)</u>	<u>(1,806,422)</u>
	8,269,859	7,526,312
Reticulation - Cost	2,295,040	2,295,040
Less Accumulated Depreciation	<u>(908,318)</u>	<u>(793,566)</u>
	1,386,722	1,501,474
Street Furniture - Cost	242,799	242,799
Less Accumulated Depreciation	<u>(141,399)</u>	<u>(130,132)</u>
	101,400	112,667
Grand Total	<u><u>73,432,117</u></u>	<u><u>73,048,446</u></u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads	Footpaths	Drainage	Parks	Reticulation	Street Furniture	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at the beginning of the year	50,693,331	6,038,876	7,175,786	7,526,312	1,501,474	112,667	73,048,446
Additions	1,818,843	176,883	370,593	1,210,184	-	-	3,576,503
(Disposals)	-	-	-	-	-	-	-
Revaluation - Increments	-	-	-	-	-	-	-
Depreciation (Expense)	(1,987,239)	(395,403)	(217,534)	(466,637)	(114,752)	(11,267)	(3,192,832)
Carrying amount at the end of year	<u>50,524,935</u>	<u>5,820,356</u>	<u>7,328,845</u>	<u>8,269,859</u>	<u>1,386,722</u>	<u>101,400</u>	<u>73,432,117</u>

**CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	1,262,079	1,966,154
Accrued Interest on Debentures	39,094	47,976
Accrued Salaries and Wages	387,902	330,065
	<u>1,689,075</u>	<u>2,344,195</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge Debentures	<u>1,219,420</u>	<u>1,152,827</u>
Non-Current		
Secured by Floating Charge Debentures	<u>4,789,859</u>	<u>6,009,279</u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	717,539	613,648
Provision for Long Service Leave	741,897	643,452
	<u>1,459,436</u>	<u>1,257,100</u>
Non-Current		
Provision for Long Service Leave	<u>243,610</u>	<u>133,310</u>

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2013 Budget \$	2012 \$
11. RESERVES - CASH BACKED			
(a) Plant Replacement Reserve			
Opening Balance	219,815	320,160	207,488
Amount Set Aside / Transfer to Reserve	9,886	42,170	12,327
Amount Used / Transfer from Reserve	-	(250,000)	-
	<u>229,701</u>	<u>112,330</u>	<u>219,815</u>
(b) City Development Reserve			
Opening Balance	1,488,358	1,483,230	1,405,918
Amount Set Aside / Transfer to Reserve	137,204	79,530	82,440
Amount Used / Transfer from Reserve	(1,279,233)	(400,000)	-
	<u>346,329</u>	<u>1,162,760</u>	<u>1,488,358</u>
(c) North Street Reserve			
Opening Balance	1,073,224	716,370	1,014,393
Amount Set Aside / Transfer to Reserve	51,890	38,410	58,831
Amount Used / Transfer from Reserve	-	-	-
	<u>1,125,114</u>	<u>754,780</u>	<u>1,073,224</u>
(d) Welfare Reserve			
Opening Balance	392,435	389,470	370,047
Amount Set Aside / Transfer to Reserve	19,130	20,880	22,388
Amount Used / Transfer from Reserve	-	-	-
	<u>411,565</u>	<u>410,350</u>	<u>392,435</u>
(e) Services Reserve			
Opening Balance	1,201,202	1,171,290	1,137,417
Amount Set Aside / Transfer to Reserve	50,323	62,800	63,785
Amount Used / Transfer from Reserve	(430,451)	(200,000)	-
	<u>821,074</u>	<u>1,034,090</u>	<u>1,201,202</u>
(f) Insurance Reserve			
Opening Balance	51,745	51,660	48,843
Amount Set Aside / Transfer to Reserve	2,327	2,770	2,902
Amount Used / Transfer from Reserve	-	-	-
	<u>54,072</u>	<u>54,430</u>	<u>51,745</u>
(g) Waste Management Reserve			
Opening Balance	139,998	189,360	131,942
Amount Set Aside / Transfer to Reserve	6,747	10,150	8,056
Amount Used / Transfer from Reserve	-	-	-
	<u>146,745</u>	<u>199,510</u>	<u>139,998</u>
(h) Building Replacement Reserve			
Opening Balance	541,074	701,280	512,405
Amount Set Aside / Transfer to Reserve	23,296	137,600	28,669
Amount Used / Transfer from Reserve	-	(250,000)	-
	<u>564,370</u>	<u>588,880</u>	<u>541,074</u>
(i) Swanbourne Reserve			
Opening Balance	106,539	106,050	100,407
Amount Set Aside / Transfer to Reserve	5,134	5,690	6,132
Amount Used / Transfer from Reserve	-	-	-
	<u>111,673</u>	<u>111,740</u>	<u>106,539</u>
TOTAL CASH BACKED RESERVES	<u><u>3,810,643</u></u>	<u><u>4,428,870</u></u>	<u><u>5,214,390</u></u>

**CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

11. RESERVES - CASH BACKED (Continued)

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

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

Plant Replacement Reserve

To provide for the replacement of Council's plant and equipment so that the cost is spread over a number of years. The use of funds in this reserve is ongoing.

City Development Reserve

To fund the improvement of property, plant and Equipment. The use of funds in this reserve is ongoing.

North Street Reserve

To fund the operational and capital costs of community facilities in Mt Claremont, community and recreation facilities in Swanbourne and infrastructure generally. Use of this reserve is ongoing.

Welfare Reserve

To fund the operational and capital costs of welfare services. The use of funds in this reserve is ongoing.

Services Reserve

To provide funds for the purchase of land for parking areas, streets, depots etc town planning schemes, valuation and legal expenses, items of works of an urgent nature such as drainage, street works, provision of street lighting and building maintenance. The use of funds in this reserve is ongoing.

Insurance Reserve

To cover any excess that may arise from having a performance based workers compensation premium.

Waste Management Reserve

To provide for the replacement of Council's rubbish bin stock so that the cost is spread over a number of years. The use of funds in this reserve is ongoing.

Building Replacement Reserve

To fund the upgrade and/or replacement of Council's buildings. The use of this reserve is ongoing.

Swanbourne Reserve

To fund capital works in the Swanbourne area associated with the Swanbourne Masterplan. The use of funds in this reserve is ongoing.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

12. RESERVES - ASSET REVALUATION	2013	2012
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
(a) Land		
Opening balance	12,354,000	12,354,000
Revaluation Increment	-	-
Revaluation Decrement	-	-
	<u>12,354,000</u>	<u>12,354,000</u>
(b) Buildings		
Opening Balance	9,297,909	9,297,909
Revaluation Increment	-	-
Revaluation Decrement	-	-
	<u>9,297,909</u>	<u>9,297,909</u>
(c) Plant & Equipment		
Opening Balance	31,447	31,447
Revaluation Increment	458,443	-
Revaluation Decrement	-	-
	<u>489,890</u>	<u>31,447</u>
(d) Roads		
Opening Balance	43,780,629	56,462,327
Revaluation Increment	-	-
Revaluation Decrement	-	(12,681,698)
	<u>43,780,629</u>	<u>43,780,629</u>
(e) Drainage		
Opening Balance	1,966,692	1,966,692
Revaluation Increment	-	-
Revaluation Decrement	-	-
	<u>1,966,692</u>	<u>1,966,692</u>
 Total Asset Rrvaluation Reserves	 <u>67,889,120</u>	 <u>67,430,677</u>

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) 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:

	2013	2013	2012
	\$	Budget	\$
		\$	
Cash and Cash Equivalents	<u>9,264,584</u>	<u>8,995,900</u>	<u>11,567,629</u>

(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net Result	1,136,629	63,900	1,418,305
Depreciation	4,843,963	6,383,800	5,956,406
(Profit)/Loss on Sale of Asset	(20,439)	(30,100)	(59,498)
(Increase)/Decrease in Receivables	(319,691)	308,400	16,213
(Increase)/Decrease in Inventories	18,089	-	(19,072)
Increase/(Decrease) in Payables	(655,120)	(372,400)	(560,350)
Increase/(Decrease) in Employee Provisions	312,637	55,600	(21,613)
Grants/Contributions for the Development of Assets	<u>(914,045)</u>	<u>(1,277,900)</u>	<u>(1,468,030)</u>
Net Cash from Operating Activities	<u>4,402,023</u>	<u>5,131,300</u>	<u>5,262,361</u>

**(c) Undrawn Borrowing Facilities
Credit Standby Arrangements**

Bank Overdraft limit	500,000	500,000
Bank Overdraft at Balance Date	-	-
Credit Card limit	25,000	25,000
Credit Card Balance at Balance Date	3,806	-
Purchasing Card limit	100,000	-
Purchasing Card Balance at Balance Date	<u>10,015</u>	<u>-</u>
Total Amount of Credit Unused	<u>611,179</u>	<u>525,000</u>

Loan Facilities

Loan Facilities - Current	1,219,420	1,152,827
Loan Facilities - Non-Current	<u>4,789,859</u>	<u>6,009,279</u>
Total Facilities in Use at Balance Date	<u>6,009,279</u>	<u>7,162,106</u>

Unused Loan Facilities at Balance Date	<u>-</u>	<u>-</u>
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CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

14. CONTINGENT LIABILITIES

The City is not aware of any legal claims against the City.

15. CAPITAL AND LEASING COMMITMENTS	2013	2012
	\$	\$
(a) Finance Lease Commitments		
Payable:		
- not later than one year	41,382	47,084
- later than one year but not later than five years	8,920	50,301
- later than five years	-	-
Minimum Lease Payments	<u>50,302</u>	<u>97,385</u>
Less Future Finance Charges	-	-
Total Lease Liability	<u><u>50,302</u></u>	<u><u>97,385</u></u>

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:		
- not later than one year	29,999	38,718
- later than one year but not later than five years	38,637	38,223
- later than five years	-	-
	<u>68,636</u>	<u>76,941</u>

(c) Capital Expenditure Commitments

Contracted for:		
- capital expenditure projects	<u>500,000</u>	<u>682,714</u>

Payable:		
- not later than one year	<u>500,000</u>	<u>682,714</u>

The capital expenditure project outstanding at the end of the current reporting period represents the retaining wall along Beecham Road. There are no other major contracts outstanding.

16. JOINT VENTURE

The City has not entered into any joint venture agreements.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2013	2012
	\$	\$
Governance	33,837,841	32,244,617
General Purpose Funding	-	-
Law, Order, Public Safety	1,419,912	1,459,727
Health	436,324	532,651
Education and Welfare	2,996,471	3,067,706
Community Amenities	63,649	72,291
Recreation and Culture	26,246,781	25,472,778
Transport	66,432,473	66,905,936
Economic Services	12,198	15,835
Other Property and Services	12,450,224	14,025,974
Unallocated	1,401	(1)
	<u>143,897,274</u>	<u>143,797,514</u>

18. FINANCIAL RATIOS

	2013	2012	2011
Current Ratio	1.52	1.39	1.21
Asset Sustainability Ratio	0.99	1.36	1.06
Debt Service Cover Ratio	3.59	4.53	3.60
Operating Surplus Ratio	0.01	0.00	(0.03)
Own Source Revenue Coverage Ratio	0.93	0.91	0.87

The above ratios are calculated as follows:

Current Ratio
$$\frac{\text{Current Assets minus Restricted Assets}}{\text{Current Liabilities minus Liabilities Associated with Restricted As}}$$

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
$$\frac{\text{Operating Revenue minus Operating Expense}}{\text{Own Source Operating Revenue}}$$

Own Source Revenue Coverage Ratio
$$\frac{\text{Own Source Operating Revenue}}{\text{Operating Expense}}$$

ADDITIONAL RATIOS

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

	2013	2012	2011
Asset Consumption Ratio	0.86	*N/A	*N/A
Asset Renewal Funding Ratio	1.0	*N/A	*N/A

The above ratios are calculated as follows:

Asset Consumption Ratio
$$\frac{\text{Depreciated Replacement Cost of Assets}}{\text{Current Replacement Cost of Depreciable Assets}}$$

Asset Renewal Funding Ratio
$$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$$

*N/A - In keeping with amendments to Local Government (Financial Management) Regulation 50, comparatives for the two preceding years (being 2012 and 2011) have not been reported as financial information is not available.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

19. TRUST FUNDS

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

Particular	Balance 01-Jul-12 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-13 \$
Bonds and Deposits	1,267,814	901,951	(692,750)	1,477,015
Unclaimed Monies	18,473	206	(1,195)	17,484
Charity Donation by Staff	1,404	16,010	(17,414)	-
	<u>1,287,691</u>	<u>918,167</u>	<u>(711,359)</u>	<u>1,494,499</u>

20. DISPOSALS OF ASSETS - 2012/13 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant & Equipment	134,314	88,400	154,782	118,500	20,468	30,100
Furniture & Equipment	29	-	-	-	(29)	-
	<u>134,343</u>	<u>88,400</u>	<u>154,782</u>	<u>118,500</u>	<u>20,439</u>	<u>30,100</u>

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 01-Jul-12 \$	New Loans \$	Principal Repayments		Principal 30-Jun-13		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
New Bin Stock - Loan 178	532,530		69,109	69,100	463,421	463,430	19,076	30,950
Roads Infrastructure - Loan 179	1,297,251		76,101	76,100	1,221,150	1,221,151	76,938	77,530
Buildings & Roads - Loan 180	1,371,204		665,935	725,900	705,269	645,304	60,575	66,330
Buildings & Infrastructure - Loan 181	1,848,565		160,585	160,600	1,687,980	1,687,965	105,671	106,860
Buildings & Infrastructure - Loan 182	2,112,556		181,097	181,100	1,931,459	1,931,456	96,355	96,730
	7,162,106	-	1,152,827	1,212,800	6,009,279	5,949,306	358,615	378,400

All loan repayments were financed by general purpose revenue.

(b) New Debentures - 2012/13

There were no new debentures in 2012/13.

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 01-Jul-12 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-13 \$
Buildings & Infrastructure - Loan 182	15/12/2011	646,000	-	646,000	-
		646,000	-	646,000	-

(d) Overdraft

Council established an overdraft facility of \$500,000 in 2008 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2012 and 30 June 2013 was \$Nil.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

22. RATING INFORMATION - 2012/13 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Total Revenue \$
Differential General Rate										
GRV - Residential	0.05332	6,092	233,666,684	12,459,108	157,578	3,797	12,620,483	12,411,200	65,000	12,476,200
GRV - Vacant Residential	0.06922	180	8,228,740	569,593	(16,544)	2,615	555,664	556,400	5,000	561,400
GRV - Non Residential	0.05875	390	44,822,373	2,633,315	(21,113)	394	2,612,596	2,616,400	5,000	2,621,400
Sub-Totals		6,662	286,717,797	15,662,016	119,921	6,806	15,788,743	15,584,000	75,000	15,659,000
Minimum Rates	Minimum \$									
GRV - Residential	1,124	1,580	27,517,278	1,775,920	(29,326)	(81)	1,746,513	1,788,300	-	1,788,300
GRV - Vacant Residential	1,484	113	1,967,360	167,692	(8,481)	(930)	158,281	172,100	-	172,100
GRV - Non Residential	1,537	135	2,381,770	207,495	-	(721)	206,774	209,000	-	209,000
Sub-Totals		1,828	31,866,408	2,151,107	(37,807)	(1,732)	2,111,568	2,169,400	-	2,169,400
Totals							17,900,311			17,828,400
							17,900,311			17,828,400

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

22. RATING INFORMATION - 2012/13 FINANCIAL YEAR

(b) Information on Surplus/(Deficit) Brought Forward	2013 30-June-2013 Carried Forward \$	2013 01-July-2012 Brought Forward \$	2012 30-June-2012 Carried Forward \$
Surplus/(Deficit) 1 July 2012 Brought Forward	3,505,091	3,676,886	3,676,886
Comprises:			
Cash - Unrestricted	5,428,972	5,679,139	5,679,139
Cash - Restricted	3,835,612	5,888,490	5,888,490
Investments - Restricted	-	-	-
Rates - Current	869,357	341,200	341,200
Sundry Debtors	191,192	296,917	296,917
GST Receivable	125,590	255,215	255,215
Inventories			
- Fuel and Materials	13,522	31,611	31,611
Less:			
Reserves (Restricted)	(3,810,643)	(5,214,391)	(5,214,391)
Sundry Creditors	(1,262,079)	(1,966,154)	(1,966,154)
Accrued Interest on Debentures	(39,094)	(47,976)	(47,976)
Accrued Salaries and Wages	(387,902)	(330,065)	(330,065)
Current Employee Benefits Provision	(1,459,436)	(1,257,100)	(1,257,100)
Surplus/(Deficit)	3,505,091	3,676,886	3,676,886

Difference:

There was no difference between the Surplus/(Deficit) 1 July 2012 Brought Forward position used in the 2013 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2012 audited financial report.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

23. SPECIFIED AREA RATE - 2012/13 FINANCIAL YEAR

The City of Nedlands did not levy any Special Area Rate in 2012/2013 financial year.

**24. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2012/13 FINANCIAL YEAR**

There were no discounts, incentive, concessions, and write-offs during the 2012/13 financial year.

25. INTEREST CHARGES AND INSTALMENTS - 2012/13 FINANCIAL YEAR

	Interest Rate	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		89,777	61,000
ESL Interest Income	11.00%		7,349	3,100
Interest on Instalments Plan	5.00%		95,174	90,000
Deferred Rates Interest			<u>10,546</u>	<u>10,000</u>
Total Interest Income			202,846	164,100
Admin Charges on Instalment Plan		24	48,509	50,000

Ratepayers had the option of paying rates in four equal instalments, due on 22 September 2012, 24 November 2012, 2 February 2013 and 5 April 2013. Administration charges and interest applied for the final three instalments.

26. FEES & CHARGES	2013 \$	2012 \$
Governance	69,679	94,536
General Purpose Funding	49,875	56,033
Law, Order, Public Safety	38,597	49,358
Health	95,309	45,240
Education and Welfare	424,686	366,793
Sanitation Services	3,615,868	3,517,284
Community Amenities	548,465	517,657
Recreation and Culture	559,376	587,191
Transport	480,139	386,604
Economic Services	575,807	698,159
Other Property and Services	15,012	14,692
	<u>6,472,813</u>	<u>6,333,547</u>

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

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

27. GRANT REVENUE

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

	2013	2012
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	1,884,311	2,110,895
Non-Operating Grants, Subsidies and Contributions	914,045	1,468,030
	<u>2,798,356</u>	<u>3,578,925</u>
By Program:		
Governance	65,011	-
General Purpose Funding	760,970	956,243
Law, Order, Public Safety	21,867	20,821
Health	-	-
Education and Welfare	910,251	1,047,571
Community Amenities	2,346	84,337
Recreation and Culture	260,190	617,429
Transport	677,721	852,524
Economic Services	-	-
Other Property and Services	100,000	-
	<u>2,798,356</u>	<u>3,578,925</u>

28. ELECTED MEMBERS REMUNERATION

The following fees, expenses and allowances were paid to council members and/or the president.

	2013	2013	2012
	\$	Budget	\$
Meeting Fees	95,394	98,000	97,323
Mayor's Allowance	41,831	42,200	40,915
Deputy Mayor's Allowance	10,380	10,500	10,225
Information Technology Allowance	10,741	11,000	10,890
Telecommunications Allowance	12,636	13,000	12,250
	<u>170,982</u>	<u>174,700</u>	<u>171,603</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2013	2012
	<u>148</u>	<u>146</u>

30. MAJOR LAND TRANSACTIONS

The City did not undertake any major land transaction during the 2012/13 financial year.

31. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The City did not participate in any trading undertakings or major trading undertakings during the 2012/13 financial year.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

32. FINANCIAL RISK MANAGEMENT

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

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

Financial risk management is carried out by the finance area under policies approved by the Council. The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2013	2012	2013	2012
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	9,264,584	11,567,629	9,264,584	11,567,629
Receivables	<u>1,518,850</u>	<u>1,199,159</u>	<u>1,518,850</u>	<u>1,199,159</u>
	<u><u>10,783,434</u></u>	<u><u>12,766,788</u></u>	<u><u>10,783,434</u></u>	<u><u>12,766,788</u></u>
Financial Liabilities				
Payables	1,689,075	2,340,739	1,689,075	2,340,739
Borrowings	<u>6,009,279</u>	<u>7,162,106</u>	<u>5,374,901</u>	<u>5,978,024</u>
	<u><u>7,698,354</u></u>	<u><u>9,502,845</u></u>	<u><u>7,063,975</u></u>	<u><u>8,318,763</u></u>

Fair value is determined as follows:

Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.

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

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

32. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

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

	2013	2012
	\$	\$
Impact of a 2% (*) movement in interest rates on cash and investments:		
- Equity	185,300	231,400
- Statement of Comprehensive Income	185,300	231,400

Notes:

(*) Sensitivity percentages based on management's expectation of future possible market movements.

Recent market volatility has seen large market movements for certain types of investments.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

32. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

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

	2013	2012
Percentage of Rates and Annual Charges		
- Excluding Deferred Pensioners	4.86%	2.05%
- Including Deferred Pensioners	6.72%	3.88%
Percentage of Other Receivables		
- Current	22.97%	35.70%
- Overdue	77.03%	64.30%

**CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

32. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings**

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2013					
Payables	1,689,075	-	-	1,689,075	1,689,075
Borrowings	1,531,213	3,195,800	2,468,667	7,195,680	6,009,279
	<u>3,220,288</u>	<u>3,195,800</u>	<u>2,468,667</u>	<u>8,884,754</u>	<u>7,698,354</u>
2012					
Payables	2,344,195	-	-	2,344,195	2,344,195
Borrowings	1,531,213	3,928,063	3,267,617	8,726,892	7,162,106
	<u>3,875,408</u>	<u>3,928,063</u>	<u>3,267,617</u>	<u>11,071,087</u>	<u>9,506,301</u>

**CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

32. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings (Continued)**

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

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

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
Year Ended 30 June 2013								
Fixed Rate								
Debtentures	705,269					5,304,011	6,009,280	5.58%
Weighted Average Effective Interest Rate	5.78%					5.55%		
Year Ended 30 June 2012								
Fixed Rate								
Debtentures		1,371,204				5,790,903	7,162,107	5.59%
Weighted Average Effective Interest Rate		5.78%				5.55%		

INDEPENDENT AUDITOR'S REPORT

TO: RATEPAYERS OF CITY OF NEDLANDS

We have audited the financial report of the City of Nedlands, which comprises the Statement of Financial Position as at 30 June 2013 and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity and Statement of Cash Flows and Rate Setting Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information and the Statement by Chief Executive Officer.

Management's Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. Our audit has been conducted in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with the relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the council's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

Auditor's Opinion

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

- (a) gives a true and fair view of the financial position of the City of Nedlands as at 30 June 2013 and of its financial performance for the year ended on that date; and
- (b) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards.


Report on Other Legal and Regulatory Requirements

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


- (a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Council.
- (b) There are no matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- (c) In relation to the asset consumption ratio and asset renewal funding ratio (presented at Note 18 of the annual financial report) we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - (i) reasonably calculated; and
 - (ii) based on verifiable information.
- (d) All necessary information and explanations were obtained by us.
- (e) All audit procedures were satisfactorily completed in conducting our audit.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of City of Nedlands for the year ended 30 June 2013 included on the City of Nedlands's website. The Council is responsible for the integrity of the City of Nedlands's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



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



A MACRI
PARTNER

PERTH
DATED THIS 23rd DAY OF SEPTEMBER 2013.



7.3 Annual Insurance Cover Report

Applicant	City of Nedlands
Owner	City of Nedlands
Officer	Rajah Senathirajah – Manager Finance
Director	Michael Cole – Director Corporate & Strategy
File ref.	FIN/008-24
Previous Item No's	Nil

Regulation 11(da) – Not applicable – Recommendation adopted.

Moved – Councillor McManus
 Seconded – Councillor Hodsdon

Council receives the report on the City’s Annual Insurance Cover for 2013/14 and requests more detail on levels of cover provided.

CARRIED UNANIMOUSLY 5/-

Committee Recommendation / Recommendation to Committee

Council receives the report on the City’s Annual Insurance Cover for 2013/2014.

Executive Summary

Administration is required to provide a report to Council advising of the insurance cover (and associated costs) put in place following the expiry of the existing insurance policies as soon as practicable after the budget is adopted in accordance with Council Policies.

Strategic Plan

KFA: Governance and Civic Leadership

Insurance cover is taken by the City as part of Risk Management and good governance. This report provides the assurance to Council that the City has in place adequate insurance cover.

Background

Council requires the Chief Executive Officer to ensure that adequate insurance cover is in place at all times.

Council requires:

- that each year prior to the expiry of the existing insurance, the Chief Executive Officer shall invite Council’s insurers to meet to

discuss and review Council’s annual insurance requirements, and

- that the Chief Executive Officer, or their nominee, is to provide a report to Council advising of the insurance cover (and associated costs) put in place following the expiry of the existing insurance policies as soon as practicable after the budget is adopted.

Consultation

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

Legislation / Policy

The Annual Insurance Cover report meets the requirement of Council Policy.

Budget/Financial Implications

Adequate provision has been made in the 2013/2014 Budget for the funding of insurance premium expenses as outlined below and any additional insurance premium adjustments that may be incurred in the course of the year.

Risk Management

As part of the City’s Risk Management Strategy, insurance cover is sought to offset the financial risks arising from loss, theft or accidental damage.

Discussion

The Annual Insurance Cover Summary for the 2013/2014 is as follows:

Insurance Class	2013/14 Base Premium (\$)	2012/13 Premium (\$)
Contract Works	750.00	878.00
Councillors and Officers Liability	9,126.06	8,569.00
Motor vehicles owned by the City	71,558.27	89,279.35
Journey Injury – Employee travel to and from workplace	410.00	410.00
Personal Accident and Travel Councillors, employees and volunteers	1,800.00	1,800.00
Casual Hirers Liability	3,570.00	3,400.00

Fidelity Guarantee	1,757.66	1,725.80
LGIS Property – All properties and contents	112,976.55	107,000.00
LGIS Liability - Public Liability	153,826.23	146,711.96
LGIS Work Care (Workers Compensation)	170,917.67	170,917.00
TOTAL	526,692.44	530,692.11

Additional motor-vehicle insurance premium expense is expected to be incurred during the year due to the replacement of motor-vehicles. The workers compensation insurance is also expected to increase should claims payments exceed the current ceiling for claims.

Conclusion

The City has taken adequate insurance cover in consultation with LGIS Broking and review of industry claims history. The cover is summarised in this report, which Council is requested to receive.

7.4 Outstanding Insurance Claims Report

Applicant	City of Nedlands
Owner	City of Nedlands
Officer	Rajah Senathirajah – Manager Finance
Director	Michael Cole – Director Corporate & Strategy
File ref.	FIN/008-24
Previous Item No's	Nil

Regulation 11(da) – Not applicable – Recommendation adopted.

Moved – Councillor McManus
 Seconded – Councillor Hodsdon

The Audit and Risk Committee receives the Insurance Claims Report as at 30 September 2013

CARRIED UNANIMOUSLY 5/-

Committee Recommendation / Recommendation to Committee

The Audit and Risk Committee receives the Insurance Claims Report as at 30th September 2013.

Executive Summary

This report is to inform the Audit and Risk Committee of all insurance claims on the City and Workers Compensation claims which were pending as at 30th September 2013. This report will be updated every quarter.

Strategic Plan

KFA: Governance and Civic Leadership

Monitoring of claims on the City and taking appropriate decisions as necessary is good governance and is part of the City's Risk Management Strategy.

Background

The City receives claims from the public from time to time, and these are investigated internally as to their accuracy before being passed on to the City's insurers to manage. No liability is admitted until the insurers have completed their investigations and recommended a course of action to resolve the matter. The City monitors the progress to ensure that the claims are processed by the insurers on a timely manner to ensure that the City's liabilities are managed effectively.

Consultation

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

Legislation / Policy

This report is in keeping with good governance but is not a requirement under any Legislation / Policy.

Budget/Financial Implication

Adequate provision has been made in the 2013/2014 Budget for any additional insurance premium expenses that may be incurred due to claims payout.

Risk Management

Monitoring of claims and taking appropriate action to minimise claims is part of the Risk Management practice of the City.

Discussion

The open insurance claims as at 30th September 2013 are as follows:

Workers' Compensation Claims

Claim No	Date Incurred	Particulars	Net Paid	Estimated Outstanding	Estimated Total
18550	07/04/10	Left shoulder pain – repetitive tasks	\$119,459	\$69,927	\$189,386
19695	06/05/11	Right shoulder strain and pain in both hands – repetitive tasks	\$7,553	\$44,373	\$51,926
21434	30/10/12	Right elbow strain and pain – repetitive tasks	\$11,235	\$21,740	\$32,975
21792	21/02/13	Pain in both hands	\$28,655	\$35,914	\$64,569
22167	13/06/13	Lower back pain – moving tables and chairs	\$1,442	\$7,500	\$8,942

Professional Indemnity Claim

Claim No	Date Submitted	Particulars	Amount Claimed	Date Settled	Status
618047	24/06/13	City advised vendor, based on records, that swimming pool was compliant. Subsequently found not to be so. Buyer is claiming the cost to make pool compliant.	Not stated		Insurer finalising settlement.

Public Liability Claims

Claim No	Date Submitted	Particulars	Amount Claimed	Date Insurer Responded	Status
617387	14/11/12	Tripped on pavement in front of 120 Victoria Avenue	Not stated	20/02/13	Denied but file not closed yet.
617775	13/03/13	City impounded car. When owner reclaimed alleged it had white spray on it.	Not stated	25/03/13	Denied but file not closed yet.
167797	20/03/13	Cracking on walls caused by retaining wall repairs to Beecham Rd. Property: 6 Kings Row	Not stated	28/03/13	Denied but file not closed yet.
618083	20/06/13	Cracking on walls caused by retaining wall repairs to Beecham Rd. Property: 22 Lisle St	Not stated	25/06/13	Denied but file not closed yet.

618108	03/07/13	Tripped on paving stone on Mooro Avenue	\$58	05/07/13	Denied but file not closed yet.
618229	14/08/13	Tripped on paving stone at 17 Hampden Rd	\$60,000	19/08/13	Denied but file not closed yet.
618230	14/08/13	Tree root damage to fencing – 23 Adderley St	\$2,137	19/08/13	Denied but file not closed yet.
618249	20/08/13	Damage to fencing & retaining wall by tree branch – 18 Hobbs Ave	Not stated	22/08/13	Denied but file not closed yet.
618236	16/08/13	Telstra claimed costs for damage to manhole during road works on Railway Road.	\$4,765	20/08/13	Denied but file not closed yet.

Conclusion

This Insurance Claims Report as at 30th September 2013 is presented to the Audit and Risk Committee for information.

7.5 Investment Strategy

Applicant	City of Nedlands
Owner	City of Nedlands
Officer	Rajah Senathirajah – Manager Finance
Director	Michael Cole – Director Corporate & Strategy
File ref.	FIN/008-24
Previous Item No's	Nil

Regulation 11(da) – Committee Members did not support extending the policy to independent operating divisions such as St Georges Bank and Bankwest.

Moved – Councillor McManus

Seconded – Councillor James

Council:

1. notes the requirement to invest the funds surplus to its immediate needs as per Council's Policy, with financial institutions having a credit rating of Long Term A and Short Term A-1;

2. agrees that the City of Nedlands will invest only with the four (4) major banks, or their operating divisions, viz:

- National Australia bank**
- ANZ Bank**
- Westpac Bank**
- Commonwealth Bank;**

3. notes that this conservative strategy is to be adhered in view of the volatility of global financial markets.

CARRIED UNANIMOUSLY 5/-

Committee Recommendation / Recommendation to Committee

Council:

1. notes the requirement to invest the funds surplus to its immediate needs as per Council's Policy, with financial institutions having a credit rating of Long Term A and Short Term A-1 or better
2. agrees that the City of Nedlands will invest only with the four major banks, or their operating divisions, viz:

**National Australia Bank
ANZ Bank
Westpac Bank and St George Bank
Commonwealth Bank and BankWest**
3. notes that this conservative strategy is to be adhered in view of the volatility of global financial markets.

Purpose

To consider the Investment Strategy for 2013/14

Strategic Plan

KFA : Governance

Manage the City's resources in a sustainable and responsible manner.

This report is to obtain Council approval for the Investment Strategy to be adopted by the officers in investing funds surplus to Immediate needs in accordance with the Council's investment Policy.

Background

Council Policy, Investment of Council Funds, last reviewed in October 2010, stipulates that funds surplus to Council's immediate requirements are to be invested in accordance with the Local Government Act 1995 and the Policy. The Policy further states that investments may be placed with banks having a credit rating of at least A (long term) / A1 (short term), as rated by Standard and Poors, or for short terms with other financial institutions authorised by the Chief Executive Officer. The amount invested with any one institution is not to exceed 30% of average annual funds invested.

A report is provided to Council each month detailing the investments and their respective yields. The Investment Report for September 2013 is attached to this Agenda item

Proposal Detail

The Audit and Risk Committee at its meeting on 6 October 2011 agreed that the City can have its surplus funds invested in up to 10 institutions satisfying the City’s Investment Policy. However, at its meeting in March 2012 Council decided that all future investment of funds be restricted to the National Australia Bank, Westpac Bank, Commonwealth Bank of Australia and ANZ Bank.

This proposal reiterates the Council’s resolution, but seeks the Audit and Risk Committee’s agreement that the City can invest in the independent operating divisions of the “Big Four” banks, namely St George Bank (a division of Westpac Bank) and BankWest (a division of Commonwealth Bank). These divisions operate under the Authorised Deposit-taking Institution licence of the respective parent Banks.

The credit ratings of the four banks are as follows:

Bank	Long Term Rating	Short Term Rating
National Australia Bank	AA-	A-1+
Westpac Bank & St George Bank	AA-	A-1+
Commonwealth Bank & BankWest	AA-	A-1+
ANZ Bank	AA-	A-1+

Consultation

Not applicable.

Legislation

Satisfies Clause 6.14 of the Local Government Act 1995 and the prudent person requirement of the Trustees Act 1962.

Budget/Financial Implications

The 2013/14 Budget estimates that the City will earn approximately \$895,000 from its investments.

Risk Management

There are two main risks associated with the investments, being credit risk and interest risk. The credit risk will be managed by spreading the investments across the different banks, and closely monitoring the credit rating of each institution to ensure that they meet the requirements stipulated in the Council Policy. The interest risk is managed by evaluating the yield offered by the various institutions each time funds are available to be placed.

Conclusion

The City invests its surplus funds in interest bearing deposits, adopting the investment strategy recommended in this report.

Attachment

1. Investments Report for the period ended 30 September 2013

**INVESTMENTS REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

No.	Particulars	Interest	Invest.	Maturity	Period	NAB	Westpac	ANZ	CBA	Total	Interest
		Rate	Date	Date	Days						YTD Accumulated
	RESTRICTED FUNDS										
4	Trust - Adelma	3.89%	28-Jun-13	28-Nov-13	153		\$101,001.80			\$101,001.80	\$980.49
	TOTAL RESTRICTED FUNDS						\$101,001.80			\$101,001.80	\$980.49
	RESERVE INVESTMENTS										
10	City Development - Western Zone	3.74%	04-Jun-13	02-Oct-13	120				\$349,584.33	\$349,584.33	\$3,256.11
16	Services General (a)	4.38%	10-Apr-13	10-Oct-13	183	\$320,157.57				\$320,157.57	\$3,462.65
78	Services General (b)	4.19%	07-May-13	10-Oct-13	156	\$509,672.15				\$509,672.15	\$5,293.97
26	North Street Reserve	4.48%	01-May-13	01-Nov-13	184	\$1,136,971.65				\$1,136,971.65	\$11,857.10
41	City Development - Swanbourne	3.95%	30-May-13	30-Nov-13	184				\$112,790.34	\$112,790.34	\$1,117.53
42	City Building Reserve	3.74%	04-Jun-13	02-Oct-13	120				\$569,676.09	\$569,676.09	\$5,306.09
52	Plant Replacement	4.12%	11-Apr-13	11-Oct-13	183			\$232,065.26		\$232,065.26	\$2,364.02
55	Insurance	4.12%	11-Apr-13	11-Oct-13	183			\$54,628.63		\$54,628.63	\$556.50
57	Welfare - NCC	3.95%	30-May-13	30-Nov-13	184				\$148,232.53	\$148,232.53	\$1,468.69
58	Waste Management	3.95%	30-May-13	30-Nov-13	184				\$148,213.79	\$148,213.79	\$1,468.49
60	Welfare	3.95%	30-May-13	30-Nov-13	184				\$267,451.39	\$267,451.39	\$2,649.89
	TOTAL RESERVE INVESTMENTS					\$1,966,801.36	\$0.00	\$286,693.89	\$1,595,948.46	\$3,849,443.71	\$38,801.04
	MUNICIPAL INVESTMENTS										
94	Municipal Investment #94 - NAB	3.84%	07-Aug-13	07-Jan-14	153	\$542,972.45				\$542,972.45	\$5,412.24
100	**Municipal Investment #100 - ANZ - CLOSED**							\$0.00		\$0.00	\$108.80
105	Municipal Investment #105 - Westpac	3.80%	29-Jul-13	29-Nov-13	123		\$1,048,905.71			\$1,048,905.71	\$9,625.04
110	Municipal Investment #110 - Westpac	3.70%	09-Aug-13	09-Dec-13	122		\$1,025,955.92			\$1,025,955.92	\$9,875.55
111	Municipal Investment #111 - ANZ	3.80%	26-Jul-13	26-Oct-13	92			\$1,006,871.23		\$1,006,871.23	\$6,871.23
112	Municipal Investment #112 - CBA	4.10%	08-Aug-13	08-Feb-14	184				\$1,005,943.37	\$1,005,943.37	\$5,953.37
113	Municipal Investment #113 - ANZ	3.65%	08-Aug-13	06-Nov-13	90			\$1,005,300.00		\$1,005,300.00	\$5,300.00
114	Municipal Investment #114 - Westpac	3.39%	19-Aug-13	21-Oct-13	63		\$1,003,900.82			\$1,003,900.82	\$3,900.82
115	Municipal Investment #115 - CBA	4.00%	20-Aug-13	20-Nov-13	92				\$1,004,493.15	\$1,004,493.15	\$4,493.15
116	Municipal Investment #116 - CBA	3.90%	21-Aug-13	21-Dec-13	122				\$1,004,273.97	\$1,004,273.97	\$4,273.97
117	Municipal Investment #117 - ANZ	3.65%	21-Aug-13	21-Jan-14	153			\$1,004,000.00		\$1,004,000.00	\$4,000.00
118	Municipal Investment #118 - NAB	3.81%	20-Aug-13	18-Dec-13	120	\$1,004,279.73				\$1,004,279.73	\$4,279.73
119	Municipal Investment #119 - NAB	3.81%	20-Aug-13	19-Nov-13	91	\$1,004,279.73				\$1,004,279.73	\$4,279.73
120	**Municipal Investment #120 - ANZ - CLOSED**							\$0.00		\$0.00	\$2,744.02
121	Municipal Investment #121 - Westpac	3.70%	21-Aug-13	23-Dec-13	124		\$1,004,054.79			\$1,004,054.79	\$4,054.79
122	Municipal Investment #122 - Westpac	3.62%	28-Aug-13	30-Dec-13	124		\$1,003,272.88			\$1,003,272.88	\$3,272.88
123	Municipal Investment #123 - NAB	3.80%	28-Aug-13	24-Feb-14	180	\$1,003,435.62				\$1,003,435.62	\$3,435.62
	TOTAL MUNICIPAL INVESTMENTS					\$3,554,967.52	\$5,086,090.13	\$3,016,171.23	\$3,014,710.49	\$14,671,939.37	\$81,880.93
	RESERVE & MUNICIPAL TOTAL					\$5,521,768.88	\$5,087,091.94	\$3,302,865.13	\$4,610,658.95	\$18,522,384.90	\$121,662.46

Proportion Portfolio 29.81% 27.46% 17.83% 24.89%

8. Date of next meeting

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

The Presiding Member thanked the Committee Members for their contribution over the past two (2) years.

Declaration of Closure

There being no further business, the Presiding Member declared the meeting closed at 7.05 pm.