

Financial Report

2019 - 2020



City of Nedlands

nedlands.wa.gov.au

CITY OF NEDLANDS
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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COMMUNITY VISION

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

Principal place of business:
71 Stirling Highway
Nedlands WA 6009

**CITY OF NEDLANDS
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the CITY OF NEDLANDS for the financial year ended 30 June 2020 is based on proper accounts and records to present fairly the financial position of the CITY OF NEDLANDS at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 31 st day of May 2021



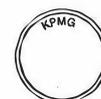
A/ Chief Executive Officer

Ed Herne
Name of Acting Chief Executive Officer

CITY OF NEDLANDS
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	29(a)	24,367,185	24,144,574	23,459,523
Operating grants, subsidies and contributions	2(a)	2,293,237	1,845,710	2,126,813
Fees and charges	2(a)	7,099,852	7,071,447	6,998,936
Service charges		(204,464)	280,747	3,406,430
Interest earnings	2(a)	500,063	648,000	645,924
Other revenue	2(a)	490,161	297,720	262,841
		34,546,034	34,288,198	36,900,467
Expenses				
Employee costs		(13,890,564)	(14,007,534)	(13,373,742)
Materials and contracts		(10,139,596)	(9,719,311)	(10,971,507)
Utility charges		(881,896)	(889,350)	(868,508)
Depreciation on non-current assets	12(d)	(4,128,897)	(4,378,000)	(3,999,335)
Interest expenses	2(b)	(241,893)	(238,615)	(299,062)
Insurance expenses		(412,313)	(355,975)	(334,926)
Other expenditure		(937,514)	(902,851)	(738,311)
		(30,632,673)	(30,491,636)	(30,585,391)
		3,913,361	3,796,562	6,315,076
Non-operating grants, subsidies and contributions	2(a)	2,174,522	4,640,042	2,386,090
Profit on asset disposals	12(a)	77,691	43,228	57,230
(Loss) on asset disposals	12(a)	(24,217)	(108,448)	(46,823)
Fair value adjustments to financial assets at fair value through profit or loss		2,305	0	16,403
		2,230,301	4,574,822	2,412,900
Net result for the period		6,143,662	8,371,384	8,727,976
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	14	0	0	0
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		6,143,662	8,371,384	8,727,976

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 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Governance	2(a)	253,900	338,820	256,684
General purpose funding		25,787,306	25,285,574	25,000,040
Law, order, public safety		400,106	504,500	493,028
Health		159,281	138,000	63,204
Education and welfare		1,943,721	1,808,210	1,915,442
Community amenities		3,618,105	3,883,047	3,768,226
Recreation and culture		1,400,353	757,450	863,721
Transport		153,415	542,972	84,831
Economic services		889,132	943,650	980,971
Other property and services		(59,285)	85,975	3,474,321
		<u>34,546,034</u>	<u>34,288,198</u>	<u>36,900,468</u>
Expenses				
Governance	2(b)	(2,597,806)	(3,121,658)	(2,260,384)
General purpose funding		(667,253)	(403,590)	(692,359)
Law, order, public safety		(1,000,422)	(1,002,754)	(1,025,572)
Health		(661,509)	(694,366)	(659,400)
Education and welfare		(2,441,082)	(2,462,024)	(2,371,404)
Community amenities		(4,766,093)	(4,849,225)	(4,234,334)
Recreation and culture		(8,881,821)	(8,797,805)	(8,247,611)
Transport		(4,478,937)	(3,474,393)	(4,393,161)
Economic services		(4,727,977)	(4,916,703)	(5,094,579)
Other property and services		(177,842)	(530,503)	(1,307,526)
		<u>(30,400,742)</u>	<u>(30,253,021)</u>	<u>(30,286,330)</u>
Finance Costs				
Community amenities	2(b)	(80,107)	(22,842)	(104,454)
Recreation and culture		(115,745)	(178,801)	(151,740)
Transport		(36,079)	(36,972)	(42,868)
Economic services		0	0	0
Other property and services		0	0	0
		<u>(231,931)</u>	<u>(238,615)</u>	<u>(299,062)</u>
		<u>3,913,361</u>	<u>3,796,562</u>	<u>6,315,076</u>
Non-operating grants, subsidies and contributions	2(a)	2,174,522	4,640,042	2,386,090
Profit on disposal of assets	12(a)	77,691	43,228	57,230
(Loss) on disposal of assets	12(a)	(24,217)	(108,448)	(46,823)
Fair value adjustments to financial assets at fair value through profit or loss		2,305	0	16,403
		<u>2,230,301</u>	<u>4,574,822</u>	<u>2,412,900</u>
Net result for the period		6,143,662	8,371,384	8,727,976
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	14	0	0	0
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		6,143,662	8,371,384	8,727,976

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

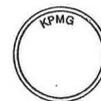


CITY OF NEDLANDS
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	NOTE	2020	2019	1 July 2018
		\$	*Restated	*Restated
		\$	\$	
CURRENT ASSETS				
Cash and cash equivalents	3	10,219,350	8,170,423	5,097,698
Trade and other receivables	6	2,132,896	2,428,507	1,199,152
Other financial assets	5(a)	6,277,329	4,874,125	6,037,348
Inventories	7	22,816	15,727	31,936
Lease receivable	8	50,422	0	0
Contract assets	2(a)	33,686	0	0
Other assets	9	290,591	170,830	0
TOTAL CURRENT ASSETS		19,027,090	15,659,612	12,366,134
NON-CURRENT ASSETS				
Trade and other receivables	6	1,110,860	1,227,236	540,167
Other financial assets	5(b)	221,257	218,952	123,734
Lease receivable	8	493,575	0	0
Property, plant and equipment	10	147,286,247	319,626,719	319,350,041
Infrastructure	11	90,302,381	87,638,048	82,571,683
Right of use assets	13(a)	5,039,912	0	0
TOTAL NON-CURRENT ASSETS		244,454,232	408,710,955	402,585,625
TOTAL ASSETS		263,481,322	424,370,567	414,951,759
CURRENT LIABILITIES				
Trade and other payables	15	6,186,122	4,782,262	2,086,520
Contract liabilities	16	1,022,659	0	0
Lease liabilities	17(a)	52,999	0	0
Borrowings	18(a)	1,750,166	1,693,964	3,249,692
Employee related provisions	19	2,652,371	2,274,759	2,027,291
TOTAL CURRENT LIABILITIES		11,664,317	8,750,985	7,363,503
NON-CURRENT LIABILITIES				
Lease liabilities	17(a)	137,163	0	0
Borrowings	18(a)	4,114,485	5,861,752	6,748,982
Employee related provisions	19	264,987	474,196	337,618
Other payables	15	47,251	54,001	0
TOTAL NON-CURRENT LIABILITIES		4,563,886	6,389,949	7,086,600
TOTAL LIABILITIES		16,228,203	15,140,934	14,450,103
NET ASSETS		247,253,119	409,229,632	400,501,656
EQUITY				
Retained surplus		81,399,623	75,945,610	67,275,653
Reserves - cash/financial asset backed	4	5,895,843	6,095,369	6,037,350
Revaluation surplus	14	159,957,653	327,188,653	327,188,653
TOTAL EQUITY		247,253,119	409,229,632	400,501,656

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

*Restated - refer to Note 34

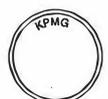


**CITY OF NEDLANDS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/FINANCIAL ASSET BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2018		67,275,655	6,037,348	353,546,653	426,859,656
Correction of error	34	0	0	(26,358,000)	(26,358,000)
Restated total equity at the beginning of the financial year		67,275,655	6,037,348	327,188,653	400,501,656
Comprehensive income					
Net result for the period		8,727,976	0	0	8,727,976
Total comprehensive income		8,727,976	0	0	8,727,976
Transfers from reserves	4	717,369	(717,369)	0	0
Transfers to reserves	4	(775,390)	775,390	0	0
Balance as at 30 June 2019 *		75,945,610	6,095,369	327,188,653	409,229,632
Change in accounting policy	32(c)	(889,175)	0	(167,231,000)	(168,120,175)
Restated total equity at 1 July 2019		75,056,435	6,095,369	159,957,653	241,109,457
Comprehensive income					
Net result for the period		6,143,662	0	0	6,143,662
Total comprehensive income		6,143,662	0	0	6,143,662
Transfers from reserves	4	2,561,212	(2,561,212)	0	0
Transfers to reserves	4	(2,361,686)	2,361,686	0	0
Balance as at 30 June 2020		81,399,623	5,895,843	159,957,653	247,253,119

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

* Restated - refer to note 34



CITY OF NEDLANDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates	23,395,781	24,114,074	23,327,006
Operating grants, subsidies and contributions	2,866,485	1,845,710	2,126,813
Fees and charges	7,099,852	7,031,447	5,957,117
Service charges	(204,464)	330,747	2,959,234
Interest received	500,063	648,000	645,924
Goods and services tax received	2,082,634	2,020,000	1,496,613
Other revenue	490,161	297,720	262,841
	36,230,512	36,287,698	36,775,548
Payments			
Employee costs	(13,652,282)	(13,937,534)	(12,924,696)
Materials and contracts	(8,664,330)	(9,520,561)	(8,560,451)
Utility charges	(881,896)	(889,350)	(868,508)
Interest expenses	(241,893)	(238,615)	(297,770)
Insurance paid	(412,313)	(355,975)	(334,926)
Goods and services tax paid	(1,764,049)	(2,000,000)	(1,779,393)
Other expenditure	(937,514)	(902,851)	(738,311)
	(26,554,277)	(27,844,886)	(25,504,055)
Net cash provided by (used in) operating activities	20	9,676,235	8,442,812
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for financial assets at amortised cost	0	0	1,176,852
Payments for purchase of property, plant & equipment	10(a)	(1,721,433)	(2,854,676)
Payments for construction of infrastructure	11(a)	(5,430,933)	(9,947,698)
Payments for right of use assets		(25,672)	0
Non-operating grants, subsidies and contributions	2(a)	2,174,522	4,640,042
Proceeds from financial assets at amortised cost - term deposits		(1,415,692)	0
Proceeds from financial assets at amortised cost - self supporting loans		10,183	13,630
Proceeds from lease receivable		33,352	0
Proceeds from sale of property, plant & equipment	12(a)	519,905	491,636
Net cash provided by (used in) investment activities		(5,855,769)	(7,657,066)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of short term borrowings		0	(2,603,076)
Repayment of borrowings	18(b)	(1,691,065)	(1,597,168)
Payments for principal portion of lease liabilities	17(b)	(80,474)	0
Proceeds from new short term borrowings		0	950,552
Proceeds from new borrowings	18(b)	0	806,734
Net cash provided by (used in) financing activities		(1,771,539)	(2,442,958)
Net increase (decrease) in cash held		2,048,927	(905,319)
Cash at beginning of year		8,170,423	11,274,862
Cash and cash equivalents at the end of the year	20	10,219,350	10,369,543

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



CITY OF NEDLANDS
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2,020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	30 (b)	1,604,417	1,703,203	2,201,758
		1,604,417	1,703,203	2,201,758
Revenue from operating activities (excluding rates)				
Governance		253,900	338,820	256,684
General purpose funding		1,422,426	1,141,000	1,556,920
Law, order, public safety		400,106	504,500	493,028
Health		159,281	138,000	63,204
Education and welfare		1,943,721	1,808,210	1,915,442
Housing		0	0	0
Community amenities		3,618,105	3,883,047	3,768,226
Recreation and culture		1,400,353	757,450	863,721
Transport		153,415	542,972	84,831
Economic services		889,132	943,650	980,971
Other property and services		18,406	129,203	3,531,551
		10,258,845	10,186,852	13,514,578
Expenditure from operating activities				
Governance		(2,597,806)	(3,121,658)	(2,260,384)
General purpose funding		(667,253)	(403,590)	(692,359)
Law, order, public safety		(1,000,422)	(1,002,754)	(1,025,572)
Health		(661,509)	(694,366)	(659,400)
Education and welfare		(2,441,082)	(2,462,024)	(2,371,404)
Housing		0	0	0
Community amenities		(4,846,200)	(4,872,067)	(4,338,788)
Recreation and culture		(8,997,566)	(8,976,665)	(8,399,351)
Transport		(4,515,016)	(3,511,365)	(4,436,029)
Economic services		(4,727,977)	(4,916,703)	(5,094,579)
Other property and services		(202,059)	(638,951)	(1,354,349)
		(30,656,890)	(30,600,143)	(30,632,215)
Non-cash amounts excluded from operating activities	30(a)	3,710,881	3,849,883	3,383,590
Amount attributable to operating activities		(15,082,747)	(14,860,205)	(11,532,289)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	2,174,522	4,640,042	2,386,090
Proceeds from disposal of assets	12(a)	519,905	491,636	347,103
Proceeds from financial assets at amortised cost - self supporting loans		10,183	13,630	13,219
Purchase of property, plant and equipment	10(a)	(1,721,433)	(2,854,676)	(2,059,828)
Purchase and construction of infrastructure	11(a)	(5,430,933)	(9,947,698)	(7,619,246)
Right of use asset	13(a)	(25,672)	0	0
Amount attributable to investing activities		(4,473,429)	(7,657,066)	(6,932,662)
FINANCING ACTIVITIES				
Repayment of borrowings	18(b)	(1,691,065)	(1,691,065)	(1,597,168)
Repayment of short term borrowings		0	0	(2,603,077)
Proceeds from borrowings	18(c)	0	0	806,734
Proceeds from short term borrowings		0	0	950,552
Proceeds from principal portion of lease receivable				
Payments for principal portion of lease liabilities	17(b)	(80,474)	0	0
Transfers to reserves (restricted assets)	4	(2,361,686)	(1,768,566)	(775,390)
Transfers from reserves (restricted assets)	4	2,561,212	1,856,862	717,369
Amount attributable to financing activities		(1,572,013)	(1,602,769)	(2,500,980)
Surplus/(deficit) before imposition of general rates		(21,128,189)	(24,120,040)	(20,965,931)
Total amount raised from general rates	29(a)	24,367,185	24,144,574	23,459,523
Surplus/(deficit) after imposition of general rates	30(b)	3,238,996	24,534	2,493,592

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



CITY OF NEDLANDS
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FOR THE YEAR ENDED 30 JUNE 2020

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CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

1. BASIS OF PREPARATION

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

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

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, *Financial Management Regulation 16* arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the City. This was not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

From 1 July 2019, the City has applied AASB 16 Leases which requires leases to be included by lessees in the statement of financial position. Also, the *Local Government (Financial Management) Regulations 1996* have been amended to specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the City to measure any vested improvements at zero cost.

The City has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

On 1 July 2020 the following new accounting standards are to be adopted:

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*

AASB 1059 *Service Concession Arrangements: Grantors* is not expected to impact the financial report.

Specific impacts of AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*, have not been identified.

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. There are no Trust Fund held by the City.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	Timing of revenue recognition until 30 June 2019	Timing of revenue recognition 1 July 2019
Rates	General Rates	When rates notice is issued	When rates notice is issued
Service charges	Underground Power, charge for specific service	When rates notice is issued	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	On receipt of funds.	Income based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	On receipt of funds.	Capital grants are recognised as income based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants without specific performance obligations	General appropriations and contributions with no reciprocal commitment	On receipt of funds.	When assets are controlled
Fees and charges	<ul style="list-style-type: none"> • Building, planning, development, and animal management, having the same nature as a license regardless of naming. • Compliance safety check • Regulatory Food, Health and safety • Kerbside collection service • Halls and facilities • Library fees, reinstatements and private works • Art course fees • Fines issued for breaches of local laws 	When fee or charge is raised in relation as event or service occurring, or upon receipt of funds.	At a point in time(or over a relatively short period of time) when the services have been provided and payments are received
Other Revenue	Insurance claims, Commissions on Licensing and ticket sales	When significant risks and rewards of ownership transfer to the purchaser and can be measured reliably, or upon receipt of funds. Fee or charge is raised in relation as event or service occurring, or upon receipt of funds.	At a point in time when the goods have been transferred and payments are received, or upon receipt of funds.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions			
Governance	4,106	20,000	48,027
General purpose funding	786,478	363,000	472,819
Law, order, public safety	31,116	30,000	28,678
Education and welfare	1,099,315	1,063,210	1,089,830
Recreation and culture	112,627	49,300	85,464
Transport	96,068	195,200	291,049
Economic services	153,641	125,000	110,946
Other property and services	9,886	0	0
	2,293,237	1,845,710	2,126,813
Non-operating grants, subsidies and contributions			
Recreation and culture	58,670	33,500	905,430
Transport	2,115,852	4,606,542	1,480,660
	2,174,522	4,640,042	2,386,090
	4,467,759	6,485,752	4,512,903
Total grants, subsidies and contributions			
Fees and charges			
Governance	263,817	77,800	80,305
General purpose funding	119,420	130,000	130,644
Law, order, public safety	356,103	474,500	464,350
Health	70,231	137,000	62,538
Education and welfare	715,356	743,000	823,612
Community amenities	3,618,102	3,883,047	3,754,179
Recreation and culture	1,088,545	686,250	748,703
Transport	57,166	80,000	84,869
Economic services	753,861	789,850	787,574
Other property and services	57,251	70,000	62,162
	7,099,852	7,071,447	6,998,936

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2020 Actual \$	2020 Budget \$	2019 Actual \$
Contracts with customers and transfers for recognisable non-financial assets			
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City was recognised during the year for the following nature or types of goods or services:			
Non-operating grants, subsidies and contributions	2,174,522	4,640,042	2,386,090
	<u>2,174,522</u>	<u>4,640,042</u>	<u>2,386,090</u>
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City is comprised of:			
Contracts with customers included as a contract liability at the start of the period	0	1,150,000	0
Transfers intended for acquiring or constructing recognisable non financial assets included as a contract liability at the start of the period	1,086,062	0	0
Other revenue from performance obligations satisfied during the year	1,088,460	3,490,042	2,386,090
	<u>2,174,522</u>	<u>4,640,042</u>	<u>2,386,090</u>
Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:			
Trade and other receivables from contracts with customers	811,770	521,815	1,319,546
Contract assets	33,686	0	0
Contract liabilities from contracts with customers	(1,022,659)	0	0

Contract assets primarily relate to the City's right to consideration for work completed but not billed at 30 June 2020.

Assets associated with contracts with customers were not subject to an impairment charge.

Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'.

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

Consideration from contracts with customers is included in the transaction price.

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
General rates	24,367,185	24,144,574	23,459,523
Statutory permits and licences	492,661	398,500	374,598
Fines	458,081	542,000	484,401
	25,317,927	25,085,074	24,318,522

Other revenue

Reimbursements and recoveries	159,178	241,020	65,432
Other	330,983	56,700	197,409
	490,161	297,720	262,841

Interest earnings

Financial assets at amortised cost - self supporting loans	2,680	2,682	3,066
Interest on reserve funds	104,817	155,000	157,890
Rates instalment and penalty interest (refer Note 29(e))	215,994	198,000	205,459
Lease interest income	14,906	0	0
Other interest earnings	161,666	292,318	279,509
	500,063	648,000	645,924

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

(b) Expenses

Auditors remuneration

	2020 Actual \$	2020 Budget \$	2019 Actual \$
- Audit of the Annual Financial Report	80,000	42,000	10,000
- Other services	4,500	37,000	2,180
	84,500	79,000	12,180

Interest expenses (finance costs)

Borrowings	235,312	238,615	299,062
Lease liabilities	6,581	0	0
	241,893	238,615	299,062

Other expenditure

Impairment loss on trade and other receivables	152,517	28,500	39,189
Sundry expenses	784,997	874,351	699,122
	937,514	902,851	738,311

Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
	84,500	79,000	12,180
	241,893	238,615	299,062
17(b)	241,893	238,615	299,062
	152,517	28,500	39,189
	784,997	874,351	699,122
	937,514	902,851	738,311

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

3. CASH AND CASH EQUIVALENTS

	NOTE	2020 \$	2019 \$
Cash at bank and on hand		6,682,574	3,849,110
Short - Term deposits		3,536,776	4,321,313
Total cash and cash equivalents		10,219,350	8,170,423

Restrictions

The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents		2,893,379	4,068,346
- Financial assets at amortised cost (Term Deposits)		6,273,882	4,860,495
- Bonds & Retention Funds	15	2,248,759	1,874,670
		9,167,261	8,928,841

The restricted assets are a result of the following specific purposes to which the assets may be used:

Reserves - cash/financial asset backed	4	5,895,843	6,095,369
Bonds & Retention Funds	15	2,248,759	1,874,670
Contract liabilities from contracts with customers	16	1,022,659	0
Contract liabilities from transfers for recognisable non financial assets	16	0	0
Unspent grants, subsidies and contributions		0	958,802
Total restricted assets		9,167,261	8,928,841

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position. This includes term deposits with an original maturity of less than 90 days.

Restricted assets

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

4. RESERVES - CASH/FINANCIAL ASSET BACKED

	2020 Actual		2020 Actual		2020 Budget		2020 Budget		2020 Actual		2020 Actual		2019 Actual		2019 Actual	
	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance
(a) Reserves cash backed - Plant Replacement Reserve	34,000	483	0	34,483	34,051	851	0	34,902	0	34,000	0	34,000	0	34,000	0	34,000
(b) Reserves cash backed - City Development Reserve	367,068	6,594	(100,000)	273,662	367,580	9,190	(100,000)	276,770	456,580	50,488	(140,000)	50,488	456,580	50,488	(140,000)	367,068
(c) Reserves cash backed - North Street Reserve	760,605	12,912	(400,000)	373,517	761,266	19,032	(400,000)	380,298	765,464	20,142	(25,000)	20,142	765,464	20,142	(25,000)	760,605
(d) Reserves cash backed - Welfare Reserve	484,909	208,779	0	693,688	491,387	12,285	0	503,672	479,887	10,022	(5,000)	10,022	479,887	10,022	(5,000)	484,909
(e) Reserves cash backed - Service Reserve	207,568	3,669	0	211,237	207,591	5,190	0	212,781	202,591	4,977	0	4,977	202,591	4,977	0	207,568
(f) Reserves cash backed - Insurance Reserve	64,099	1,024	0	65,123	64,117	1,603	0	65,720	62,547	1,552	0	1,552	62,547	1,552	0	64,099
(g) Reserves cash backed - Waste Management Reserve	962,682	119,122	0	1,081,804	964,793	124,120	0	1,088,913	842,547	120,135	0	120,135	842,547	120,135	0	962,682
(h) Reserves cash backed - Building Replacement Reserve	718,057	101,157	(74,000)	745,214	715,969	106,049	(60,000)	762,018	689,120	103,937	(75,000)	103,937	689,120	103,937	(75,000)	718,057
(i) Reserves cash backed - Swanbourne Development Reserve	132,008	2,459	0	134,467	132,296	3,307	0	135,603	129,140	2,868	0	2,868	129,140	2,868	0	132,008
(j) Reserves cash backed - Public Art Reserve	210,866	44,511	(158,000)	97,377	60,807	41,520	(50,000)	52,327	126,894	83,972	0	83,972	126,894	83,972	0	210,866
(k) Reserves cash backed - Business System Reserve	295,424	255,196	0	550,620	295,404	57,385	0	352,789	102,229	193,195	0	193,195	102,229	193,195	0	295,424
(l) Reserves cash backed - All Abilities Play Space	193,262	101,205	(14,000)	280,467	193,349	103,234	(30,000)	266,583	94,900	98,362	0	98,362	94,900	98,362	0	193,262
(m) Reserves cash backed - Underground Power Projects	370,166	1,480,664	(1,080,840)	769,990	36,549	1,268,571	(756,862)	548,258	485,450	12,085	(127,369)	12,085	485,450	12,085	(127,369)	370,166
(n) Reserves cash backed - Major Projects	1,294,655	23,911	(734,372)	584,194	1,298,417	16,230	(460,000)	854,647	1,600,000	39,655	(345,000)	39,655	1,600,000	39,655	(345,000)	1,294,655
	6,095,369	2,361,686	(2,561,212)	5,895,843	5,623,576	1,788,566	(1,856,862)	5,535,281	6,037,349	775,390	(717,366)	775,390	6,037,349	775,390	(717,366)	6,095,369

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

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

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

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

5. OTHER FINANCIAL ASSETS

	2020	2019
	\$	\$
(a) Current assets		
Financial assets at amortised cost	6,277,329	4,874,125
	<u>6,277,329</u>	<u>4,874,125</u>
Other financial assets at amortised cost		
Term deposits	6,273,882	4,860,495
Self supporting loans	3,447	13,630
	<u>6,277,329</u>	<u>4,874,125</u>
(b) Non-current assets		
Financial assets at amortised cost	78,815	78,815
Financial assets at fair values through other comprehensive income	0	0
Financial assets at fair value through profit and loss	142,442	140,137
	<u>221,257</u>	<u>218,952</u>
Financial assets at amortised cost		
Self supporting loans	78,815	78,815
	<u>78,815</u>	<u>78,815</u>
Financial assets at fair value through profit and loss		
Units in Local Government House Trust	142,442	140,137
	<u>142,442</u>	<u>140,137</u>
During the year, the following gains/(losses) were recognised in profit and loss	2,305	16,403
	<u>2,305</u>	<u>16,403</u>

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 18(b) as self supporting loans. Due to the COVID-19 pandemic a longer repayment period has been provided to the club.

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

SIGNIFICANT ACCOUNTING POLICIES

Term deposits

Term deposits represent deposits held with financial institutions with an original maturity date of greater than 90 days.

Other financial assets at amortised cost

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 31.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Trade and other receivables	
GST receivable	
Allowance for impairment of receivables	
Service charges receivable	

Non-current

Pensioner's rates and ESL deferred	
Service charges receivable	

	2020	2019
	\$	\$
	1,004,284	440,333
	811,770	1,319,546
	220,871	539,456
	(9,282)	(9,282)
	105,253	138,454
	2,132,896	2,428,507
	470,734	491,436
	640,126	735,800
	1,110,860	1,227,236

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 31.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

7. INVENTORIES

Current

Fuel and materials

	2020	2019
	\$	\$
	22,816	15,727
	<u>22,816</u>	<u>15,727</u>
	15,727	31,936
Inventories expensed during the year	(149,824)	(189,170)
Reversal of write down of inventories to net realisable value	2,305	16,403
Additions to inventory	154,608	156,558
	<u>22,816</u>	<u>15,727</u>

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

Reversal of write down of inventories to net realisable value

Additions to inventory

Carrying amount at end of period

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

**CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

8. LEASE RECEIVABLES

	2020	2019
	\$	\$
Current		
Lease receivable	50,422	0
	50,422	0
Non-current		
Lease receivable	493,575	0
	493,575	0

When the City acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. When the City is an intermediate lessor, it accounts for its interests in the head lease and sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The lease receivable relates to a property that the City has sub-leased to a third party. The City has classified the sub lease as a finance lease, because the sub-lease is for the whole of the remaining term of the head lease.

9. OTHER ASSETS

	2020	2019
	\$	\$
Other assets - current		
Prepayments	290,591	170,830
	290,591	170,830

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

10. PROPERTY, PLANT AND EQUIPMENT

(a) 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 - vested in and under the control of Council	Land - freehold land	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018 (previously reported)	137,993,000	167,231,000	305,224,000	1,282,304	35,635,539	36,917,843	342,141,843	655,887	2,910,310	345,708,040
Correction of error (Note 34)	(26,358,000)	0	(26,358,000)	0	0	0	(26,358,000)	0	0	(26,358,000)
Restated balance as at 1 July 2018 (Note 34)	<u>111,635,000</u>	<u>167,231,000</u>	<u>278,866,000</u>	<u>1,282,304</u>	<u>35,635,539</u>	<u>36,917,843</u>	<u>315,783,843</u>	<u>655,887</u>	<u>2,910,310</u>	<u>319,350,040</u>
Additions	0	0	0	21,211	1,360,656	1,381,867	1,381,868	229,695	448,265	2,059,828
(Disposals)	0	0	0	0	0	0	0	(4,031)	(332,665)	(336,696)
Depreciation (expense)	0	0	0	(47,435)	(782,545)	(829,980)	(829,980)	(125,288)	(491,186)	(1,446,454)
Carrying amount at 30 June 2019	<u>111,635,000</u>	<u>167,231,000</u>	<u>278,866,000</u>	<u>1,256,080</u>	<u>36,213,650</u>	<u>37,469,730</u>	<u>316,335,731</u>	<u>756,263</u>	<u>2,534,724</u>	<u>319,626,718</u>
Comprises:										
Gross carrying amount at 30 June 2019	111,635,000	167,231,000	278,866,000	1,351,211	53,875,737	55,226,948	334,092,948	2,849,677	6,424,077	343,366,702
Accumulated depreciation at 30 June 2019	0	0	0	(95,131)	(17,662,087)	(17,757,218)	(17,757,218)	(2,093,414)	(3,889,353)	(23,739,985)
Carrying amount at 30 June 2019	<u>111,635,000</u>	<u>167,231,000</u>	<u>278,866,000</u>	<u>1,256,080</u>	<u>36,213,650</u>	<u>37,469,730</u>	<u>316,335,731</u>	<u>756,263</u>	<u>2,534,724</u>	<u>319,626,718</u>
Change in accounting policy (Note 33 (a))	(167,231,000)	(167,231,000)	(167,231,000)	0	(5,112,928)	(5,112,928)	(172,343,928)	0	0	(172,343,928)
Adjusted carrying amount at 1 July 2019	<u>111,635,000</u>	<u>0</u>	<u>111,635,000</u>	<u>1,256,080</u>	<u>31,100,722</u>	<u>32,356,802</u>	<u>143,991,802</u>	<u>756,263</u>	<u>2,534,724</u>	<u>147,282,789</u>
Additions	0	0	0	21,445	817,468	838,913	838,913	130,058	752,463	1,721,433
(Disposals)	0	0	0	0	(6,327)	(6,327)	(6,327)	(653)	(459,451)	(466,431)
(Impairment)	0	0	0	0	0	0	0	(60,454)	(33,305)	(93,759)
Depreciation (expense)	0	0	0	(48,007)	(670,566)	(718,573)	(718,573)	(119,874)	(319,339)	(1,157,786)
Carrying amount at 30 June 2020	<u>111,635,000</u>	<u>0</u>	<u>111,635,000</u>	<u>1,229,518</u>	<u>31,241,297</u>	<u>32,470,815</u>	<u>144,105,815</u>	<u>705,340</u>	<u>2,475,092</u>	<u>147,286,247</u>
Comprises:										
Gross carrying amount at 30 June 2020	111,635,000	0	111,635,000	1,372,656	46,030,803	47,403,459	159,038,459	2,779,757	6,549,765	168,367,981
Accumulated depreciation at 30 June 2020	0	0	0	(143,138)	(14,789,506)	(14,932,644)	(14,932,644)	(2,074,417)	(4,074,673)	(21,081,734)
Carrying amount at 30 June 2020	<u>111,635,000</u>	<u>0</u>	<u>111,635,000</u>	<u>1,229,518</u>	<u>31,241,297</u>	<u>32,470,815</u>	<u>144,105,815</u>	<u>705,340</u>	<u>2,475,092</u>	<u>147,286,247</u>

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	Level 2	Market Approach	Independent Registered valuer	June 2017	Sales evidence of similar assets
Land - freehold (unique)	Level 3	Depreciated Replacement Cost Approach	Independent Registered valuer	June 2017	Estimates of replacement cost, residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
Buildings - non-specialised	Level 2	Market Approach	Independent Registered valuer	June 2017	Sales evidence of similar assets
Buildings - specialised	Level 3	Depreciated Replacement Cost Approach	Independent Registered valuer	June 2017	Estimates of replacement cost, residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
Furniture and equipment					
	Level 3	Market Approach (until 30 June 2019)	Management valuation	June 2016	Make, size, year of manufacture and condition
Plant and equipment					
	Level 3	Market Approach (until 30 June 2019)	Management valuation	June 2016	Make, size, year of manufacture and condition

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

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

Following a change to *Local Government (Financial Management) Regulation 17A*, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

11. INFRASTRUCTURE

(a) 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.

	Other						Other			Total
	Infrastructure - Roads	Infrastructure - Drainage	Infrastructure - Footpath	Infrastructure - Parks, Garden and Reserves	Infrastructure - Street Furniture	Other Infrastructure -	Infrastructure - Parks, Garden and Reserves	Street Furniture	Infrastructure	
Balance at 1 July 2018	\$ 43,669,775	13,457,517	11,207,906	12,041,667	2,194,818	\$	12,041,667	2,194,818	\$ 82,571,683	
Additions	3,859,227	342,898	963,927	2,262,379	190,815	\$	2,262,379	190,815	7,619,246	
Depreciation (expense)	(1,031,443)	(382,921)	(380,316)	(601,238)	(156,963)	\$	(601,238)	(156,963)	(2,552,881)	
Carrying amount at 30 June 2019	46,497,559	13,417,494	11,791,517	13,702,808	2,228,670	\$	13,702,808	2,228,670	87,638,048	
Comprises:										
Gross carrying amount at 30 June 2019	78,680,714	27,747,042	20,399,482	20,745,570	3,565,004	\$	20,745,570	3,565,004	151,137,812	
Accumulated depreciation at 30 June 2019	(32,183,155)	(14,329,548)	(8,607,965)	(7,042,762)	(1,336,334)	\$	(7,042,762)	(1,336,334)	(63,499,764)	
Carrying amount at 30 June 2019	46,497,559	13,417,494	11,791,517	13,702,808	2,228,670	\$	13,702,808	2,228,670	87,638,048	
Comprises:										
Additions	3,278,754	32,189	409,723	1,652,838	57,429	\$	1,652,838	57,429	5,430,933	
Depreciation (expense)	(1,140,109)	(383,123)	(400,119)	(693,462)	(149,787)	\$	(693,462)	(149,787)	(2,766,601)	
Carrying amount at 30 June 2020	48,636,204	13,066,560	11,801,121	14,662,184	2,136,312	\$	14,662,184	2,136,312	90,302,380	
Comprises:										
Gross carrying amount at 30 June 2020	81,959,468	27,779,231	20,809,205	22,398,408	3,622,433	\$	22,398,408	3,622,433	156,568,745	
Accumulated depreciation at 30 June 2020	(33,323,264)	(14,712,671)	(9,008,084)	(7,736,224)	(1,486,121)	\$	(7,736,224)	(1,486,121)	(66,266,364)	
Carrying amount at 30 June 2020	48,636,204	13,066,560	11,801,121	14,662,184	2,136,312	\$	14,662,184	2,136,312	90,302,381	

**CITY OF NEDLANDS
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11. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	Level 3	Depreciated Replacement Cost Approach	Independent Registered valuer	01 June 2018	Estimates of replacement cost, residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
Other infrastructure - Drainage	Level 3	Depreciated Replacement Cost Approach	Independent Registered valuer	01 June 2018	Estimates of replacement cost, residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
Other infrastructure - Footpath	Level 3	Depreciated Replacement Cost Approach	Independent Registered valuer	01 June 2018	Estimates of replacement cost, residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
Other infrastructure - Parks, Garden and Reserves	Level 3	Depreciated Replacement Cost Approach	Independent Registered valuer	01 June 2018	Estimates of replacement cost, residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
Other infrastructure - Street Furniture	Level 3	Depreciated Replacement Cost Approach	Independent Registered valuer	01 June 2018	Estimates of replacement cost, residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.

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

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

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

12. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the City includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the City.

At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

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

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

Land under roads prior to 1 July 2019

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

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

In respect of land under roads acquired on or after 1 July 2008, as detailed above, the then Local Government (Financial Management) Regulation 16(a)(i) prohibited 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 was not included as an asset of the City.

Land under roads from 1 July 2019

As a result of amendments to the Local Government (Financial Management) Regulations 1996, effective from 1 July 2019, vested land, including land under roads, are treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

The City has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with Local Government (Financial Management) Regulation 17A(2)(iv) is a departure from AASB 16 which would have required the City to measure the vested improvements as part of the related right-of-use assets at zero cost.

Refer to Note 13 that details the significant accounting policies applying to leases (including right of use assets).

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

12. FIXED ASSETS

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Buildings - specialised	6,327	6,327	0	0	0	0	0	0	0	0	0	0
Furniture and equipment	653	0	0	(653)	0	0	0	0	4,031	0	0	(4,031)
Plant and equipment	459,451	513,577	77,691	(23,565)	556,856	491,636	43,228	(108,448)	332,665	347,103	57,230	(42,792)
	466,431	519,905	77,691	(24,217)	556,856	491,636	43,228	(108,448)	336,696	347,103	57,230	(46,823)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and Equipment				
Other property and services	459,451	513,578	77,691	(23,565)
Buildings				
Recreation and culture	6,327	6,327	0	0
Furniture and Equipment				
Recreation and culture	379	0	0	(379)
Other property and services	274	0	0	(274)
	653	0	0	(653)
	466,431	519,905	77,691	(24,217)

(b) Fully Depreciated Assets in Use

The gross carrying value of assets held by the City which are currently in use yet fully depreciated are shown in the table below.

	2020	2019
	\$	\$
Furniture and equipment	765,145	0
Plant and equipment	298,144	0
	1,063,289	0

(c) Temporarily Idle Assets

The carrying value of assets held by the City which are temporarily idle or retired from active use and not classified as held for sale are shown in the table below.

	2020	2019
	\$	\$
Buildings - specialised	1,262,790	600,737
	1,262,790	600,737

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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12. FIXED ASSETS

(d) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	48,007	47,700	47,435
Buildings - specialised	670,566	877,200	782,545
Furniture and equipment	119,874	95,200	125,288
Plant and equipment	319,339	655,000	491,186
Infrastructure - Roads	1,140,109	1,163,700	1,031,443
Other infrastructure - Drainage	383,123	413,500	382,921
Other infrastructure - Footpath	400,119	260,300	380,316
Other infrastructure - Parks, Garden and Reserve	693,462	705,300	601,238
Other infrastructure - Street Furniture	149,787	160,100	156,963
Right of use assets - Building	137,675	0	0
Right of use assets - Printer	66,835	0	0
	4,128,897	4,378,000	3,999,335

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings	
- Structure	100 to 140 yrs
- Fit-outs	30 to 50 yrs
- Mechanical	50 to 100 yrs
- Roof Cladding	50 to 120 yrs
Furniture and equipment	4 to 10 yrs
Plant and equipment	5 to 15 yrs
Roads	
- Pavement	20 to 210 yrs
- Sub Grade	Not depreciated
- Top Surface	35 to 50 yrs
Footpaths	25 to 50 yrs
Stormwater	
- Pipes	60 to 80 yrs
- Pits	60 to 80 yrs
- Plant	30 to 80 yrs
Right of use (plant and equipment)	Based on the remaining lease

Depreciation rates (continued)

Asset Class	Useful life
Transport	
- Bus Shelters	30 yrs
- Roundabouts	20 to 80 yrs
- Street Lights	10 to 50 yrs
Parks	10 to 100 yrs
Parks Reticulation	25 to 50 yrs

Depreciation on revaluation

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

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

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

13. LEASES

(a) Right of Use Assets

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

	Right of use assets - Building \$	Right of use assets - Printer \$	Right of use assets Total
Carrying amount at 30 June 2019	0	0	0
Recognised on initial application of AASB 16	5,112,928	105,822	5,218,750
Restated total equity at the beginning of the financial year	5,112,928	105,822	5,218,750
Additions	25,672	0	25,672
Depreciation (expense)	(137,675)	(66,835)	(204,510)
Carrying amount at 30 June 2020	5,000,925	38,987	5,039,912
(b) Cash outflow from leases			
Interest expense on lease liabilities	0	2,339	2,339
Lease principal expense	0	66,835	66,835
Total cash outflow from leases	0	69,174	69,174

The City has one lease relating to printer equipment.

SIGNIFICANT ACCOUNTING POLICIES

Leases

At inception of a contract, the City assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the City uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Leases for right-of-use assets are secured over the asset being leased.

Right-of-use assets - valuation

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 12 for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the City anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

CITY OF NEDLANDS
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15. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Service charge refund
 Accrued salaries and wages
 Accrued interest on borrowings
 Bonds and retentions funds (Note 35)
 Prepaid rates

Non-current

Service charge refund

	2020	2019
	\$	\$
	3,141,264	2,286,980
	22,096	234,603
	411,724	341,845
	43,958	44,164
	2,248,759	1,874,670
	318,321	0
	6,186,122	4,782,262
	47,251	54,001
	47,251	54,001

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the City recognises revenue for the prepaid rates that have not been refunded.

16. CONTRACT LIABILITIES

Current

Contract liabilities from contracts with customers
 Contract liabilities from transfers for recognisable non
 financial assets

2020	2019
\$	\$
1,022,659	0
0	0
1,022,659	0

Contract liabilities are expected to be recognised as
 revenue in accordance with the following time bands:

Less than 1 year

1,022,659
1,022,659

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

Contract liabilities represent the the City's obligation to transfer goods or services to a customer for which the City has received consideration from the customer. With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

17. LEASE LIABILITIES

	2020	2019
(a) Lease Liabilities	\$	\$
Current	52,999	0
Non-current	137,163	0
	190,162	0

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	30 June 2020		30 June 2020		30 June 2020	
					Actual New Leases	Actual Lease Repayments	Actual Lease Repayments	Actual Lease Outstanding	Actual Lease Repayments	Actual Lease Interest
Other property and services										
Photocopier	X636629	Fuji Xerox Australia Pty Limited	3.5%	24 months	0	66,835	38,987	2,339		
Land	N/A	Department of Planning, Lands and Heritage	2.5%	20 years plus 364 days	164,814	13,639	151,175	4,242		
					270,636	80,474	190,162	6,581		
					\$	\$	\$	\$		

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

18. INFORMATION ON BORROWINGS

(a) Borrowings

	2020	2019
Current	1,750,166	1,693,964
Non-current	4,114,485	5,861,752
	5,864,651	7,555,716

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2020			30 June 2020			30 June 2020			30 June 2020			30 June 2019			30 June 2019		
				Actual	New	Loans	Budget	Actual	Interest	Principal	Budget	Actual	Interest	Principal	Budget	Actual	Interest	Principal	Budget	Actual	Interest
Community amenities																					
Waste Bins	178	WATC	6.01%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Underground Power Project	187	WATC	2.64%	2,464,759	0	633,675	57,467	1,831,084	1,831,084	18,277	58,831	18,277	1,831,084	3,061,977	73,959	617,218	617,218	0	48,688	0	409
Underground Power Project	188	WATC	3.07%	645,489	0	66,873	18,115	578,626	578,626	2,668	2,668	84,512	84,512	0	12,487	0	0	0	0	0	12,487
Underground Power Project	189	WATC	3.07%	94,279	0	9,767	2,646	84,512	84,512	1,896	1,896	60,019	60,019	0	1,824	0	0	0	0	0	1,824
Underground Power Project	190	WATC	3.07%	66,956	0	6,937	1,879	60,019	60,019	0	0	0	0	0	0	0	0	0	0	0	0
Recreation and culture																					
Buildings & Infrastructures	181	WATC	5.91%	498,901	0	242,135	22,386	256,766	256,766	0	24,184	24,184	256,766	727,240	36,284	228,339	228,339	0	228,339	0	36,284
Buildings & Infrastructures	182	WATC	4.67%	649,124	0	250,646	25,458	398,478	398,478	0	25,967	25,967	398,478	888,398	36,853	239,274	239,274	0	239,274	0	36,853
Buildings & Infrastructures	183	WATC	2.80%	1,031,607	0	160,250	26,316	871,357	871,357	0	160,250	160,250	871,357	1,187,478	30,713	155,871	155,871	0	155,871	0	30,713
Buildings & Infrastructures	184	WATC	3.12%	921,180	0	129,895	26,418	791,285	791,285	0	129,895	129,895	791,285	1,047,100	30,418	125,920	125,920	0	125,920	0	30,418
Buildings & Infrastructures	185	WATC	3.12%	435,974	0	61,476	12,503	374,498	374,498	0	61,476	61,476	374,498	485,569	14,398	59,595	59,595	0	59,595	0	14,398
Transport																					
Road Infrastructures	179	WATC	6.04%	654,992	0	115,781	36,079	539,211	539,211	0	115,781	36,072	539,211	764,036	42,868	109,044	109,044	0	109,044	0	42,868
				7,463,271	0	1,677,435	229,276	5,785,836	5,785,836	0	1,677,435	235,933	5,785,836	8,240,486	281,516	1,583,949	1,583,949	806,734	1,583,949	0	281,516
Self Supporting Loans																					
Recreation and culture																					
Buildings & Infrastructures	186	WATC	3.07%	92,445	0	13,630	2,655	78,815	78,815	0	13,630	2,682	78,815	105,664	3,066	13,219	13,219	0	13,219	0	3,066
				92,445	0	13,630	2,655	78,815	78,815	0	13,630	2,682	78,815	105,664	3,066	13,219	13,219	0	13,219	0	3,066
				7,555,716	0	1,691,065	231,931	5,864,651	5,864,651	0	1,691,065	238,615	5,864,653	8,346,150	284,582	1,597,168	1,597,168	806,734	1,597,168	0	284,582
				7,555,716	0	1,691,065	231,931	5,864,651	5,864,651	0	1,691,065	238,615	5,864,653	8,346,150	284,582	1,597,168	1,597,168	806,734	1,597,168	0	284,582

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 5 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

CITY OF NEDLANDS
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18. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2019/20

The City has no new borrowings during the financial year.

(d) Unspent Borrowings

The City has no unspent borrowings during the financial year.

(e) Undrawn Borrowing Facilities

Credit Standby Arrangements

	2020	2019
	\$	\$
Credit card limit	130,000	130,000
Credit card balance at balance date	(4,319)	(725)
Total amount of credit unused	125,681	129,275

Loan facilities

	2020	2019
	\$	\$
Loan facilities - current	1,750,166	1,693,964
Loan facilities - non-current	4,114,485	5,861,752
Lease liabilities - current	52,999	0
Lease liabilities - non-current	137,163	0
Total facilities in use at balance date	6,054,813	7,555,716

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 31.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

19. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2019			
Current provisions	1,174,724	1,100,035	2,274,759
Non-current provisions	0	474,196	474,196
	1,174,724	1,574,231	2,748,955
Additional provision	1,221,946	174,601	1,396,547
Amounts used	(1,042,963)	(185,181)	(1,228,144)
Balance at 30 June 2020	1,353,707	1,563,651	2,917,358
Comprises			
Current	1,353,707	1,298,664	2,652,371
Non-current	0	264,987	264,987
	1,353,707	1,563,651	2,917,358
Amounts are expected to be settled on the following basis:	2020	2019	
	\$	\$	
Less than 12 months after the reporting date	1,856,660	1,751,564	
More than 12 months from reporting date	1,060,698	997,391	
	2,917,358	2,748,955	

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

Other long-term employee benefits (Continued)

rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

Provisions

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

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

20. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Cash and cash equivalents	10,219,350	10,369,543	8,170,423
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	6,143,662	8,371,384	8,727,976
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(2,305)	0	(16,403)
Depreciation on non-current assets	4,128,897	4,378,000	3,999,335
(Profit)/loss on sale of asset	(53,474)	65,220	(10,407)
Write off of minor assets	93,759	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	411,987	(500)	(2,208,421)
(Increase)/decrease in other assets	(119,761)	0	15,503
(Increase)/decrease in inventories	(4,784)	(2,000)	16,211
(Increase)/decrease in contract assets	(33,686)	0	0
Increase/(decrease) in payables	1,188,212	210,750	2,695,742
Increase/(decrease) in provisions	161,653	60,000	438,048
Increase/(decrease) in contract liabilities	(63,403)	0	0
Non-operating grants, subsidies and contributions	(2,174,522)	(4,640,042)	(2,386,090)
Net cash from operating activities	9,676,235	8,442,812	11,271,494

21. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019 *Restated	1 July 2018 *Restated
	\$	\$	
Governance	303,457,372	309,522,255	309,383,585
Education and welfare	7,895,542	7,861,730	7,882,953
Community amenities	2,082,448	2,084,291	2,114,867
Recreation and culture	36,136,618	35,351,500	34,017,223
Transport	75,640,196	73,935,239	70,530,016
Other property and services	25,378,103	21,973,551	17,381,115
Unallocated	(187,108,957)	(26,357,999)	(26,358,000)
	<u>263,481,322</u>	<u>424,370,567</u>	<u>414,951,759</u>

*Restated - refer to note 34

22. CONTINGENT LIABILITIES

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

23. CAPITAL COMMITMENTS

	2020	2019
	\$	\$
Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	2,227,483	692,158
- plant & equipment purchases	211,671	329,657
	<u>2,439,154</u>	<u>1,021,815</u>
Payable:		
- not later than one year	2,439,154	1,021,815

24. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	298,831	298,000	306,838
Mayor's allowance	63,354	63,354	62,725
Deputy Mayor's allowance	15,266	15,838	15,682
Telecommunications allowance	43,807	51,000	45,504
	<u>421,258</u>	<u>428,192</u>	<u>430,749</u>

Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	2,447,556	2,545,319
Post-employment benefits	256,151	256,188
Other long-term benefits	59,199	56,533
Termination benefits	6,568	0
	<u>2,769,474</u>	<u>2,858,040</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP

Transactions with related parties

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

There were no transactions with related parties.

The City's main related parties are as follows:

i. Key management personnel

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

25. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

The City has no interest in any Joint Ventures.

26. INVESTMENT IN ASSOCIATES

The City has no interest in any Associated Entities.

27. MAJOR LAND TRANSACTIONS

The City did not participate in any major land transactions during the 2019/20 financial year.

28. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The City did not participate in any trading undertaking or major trading undertakings during the 2019/20 financial year.

CITY OF NEDLANDS
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FOR THE YEAR ENDED 30 JUNE 2020

29. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2019/20		2019/20		2019/20		2019/20		2019/20		2018/19	
			Rateable Value	Actual Rate	Actual Interim Rates	Actual Back Rates	Revenue	Rate	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Total Revenue		
Differential general rate / general rate			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Gross rental valuations														
Residential	0.057333	6,853	308,334,460	17,877,024	142,056	13,291	18,032,371	17,666,250	25,000	3,000	17,694,250	17,093,691		
Residential Vacant	0.081341	112	6,715,660	551,448	(4,298)	(3,465)	543,685	533,984	25,000	3,000	561,984	552,278		
Non Residential	0.07122	390	47,117,312	3,271,666	(14,726)	537	3,257,477	3,339,804	25,000	0	3,364,804	3,358,407		
Sub-Total		7,355	362,167,432	21,700,138	123,032	10,363	21,833,533	21,540,038	75,000	6,000	21,621,038	21,004,376		
Minimum payment	\$													
Gross rental valuations														
Residential	1,484	1,471	31,635,500	2,182,964	(34,063)	(3,840)	2,145,061	2,190,384	0	0	2,190,384	2,139,922		
Residential Vacant	1,968	60	1,128,205	118,080	10,270	11,702	140,052	82,656	0	0	82,656	71,897		
Non Residential	1,957	127	2,286,035	248,539	(23,793)	7,862	248,539	250,496	0	0	250,496	243,328		
Sub-Total		1,658	35,049,740	2,549,583	(23,793)	7,862	2,533,652	2,523,536	0	0	2,523,536	2,455,147		
Discounts (Note 29(d))														
Total amount raised from general rate		9,013	397,217,172	24,249,721	99,239	18,225	24,367,185	24,063,574	75,000	6,000	24,144,574	23,459,523		
Concessions (Note 29(d))														
Specified Area Rate (Note 29(b))														
Totals														

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the City recognises revenue for the prepaid rates that have not been refunded.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

29. RATING INFORMATION (Continued)

(b) Specified Area Rate

No specified area rates were imposed by the City of Nedlands during the year ended 2020.

(c) Service Charges

No service charges were imposed by the City of Nedlands during the year ended 2020.

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

Rates Discounts

The City of Nedlands offered no discounts or incentives for the early payment of rates or any other debts of ratepayers unless specifically approved by the Council.

Waivers or Concessions

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

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

(e) Interest Charges & Instalments

	Date Due	Instalment Plan		Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
		Admin Charge \$	Instalment Plan Interest Rate %		
Option One					
Single full payment	26 August 2019				11.00%
Option Two					
First instalment	26 August 2019	0.00	5.50%	5.50%	11.00%
Second instalment	28 October 2019	16.00	5.50%	5.50%	11.00%
Third instalment	28 January 2020	16.00	5.50%	5.50%	11.00%
Fourth instalment	30 March 2020	16.00	5.50%	5.50%	11.00%
		2020 Actual \$	2020 Budget \$		2019 Actual \$
Interest on unpaid rates		88,563	70,000		81,172
Interest on instalment plan		118,162	120,000		116,161
ESL interest income		9,269	8,000		8,126
		215,994	198,000		205,459
Charges on instalment plan		95,664	100,000		99,504
		311,658	298,000		304,963

As a result of the state of emergency which has arisen due to the COVID-19 pandemic, the City has frozen penalty interest rates from 15 March 2020 to 15 September 2020 for ratepayers affected by the pandemic in accordance with the City's Policy.

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

30. RATE SETTING STATEMENT INFORMATION

Note	2019/20 (30 June 2020 Carried Forward) \$	2019/20 Budget (30 June 2020 Carried Forward) \$	2019/20 (1 July 2019 Brought Forward) \$	2018/19 (30 June 2019 Carried Forward) \$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	12(a) (77,691)	(43,228)	(57,230)	(57,230)
Less: Movement in liabilities associated with restricted cash		910		
Less: Fair value adjustments to financial assets at fair value through profit and loss	(2,305)	0	(16,403)	(16,403)
Movement in pensioner deferred rates (non-current)	20,702	0	(43,714)	(43,714)
Movement in service charge receivable (non-current)	95,674	0	(735,800)	(735,800)
Movement in lease receivable (non-current)	(493,575)	0	0	0
Movement in employee benefit provisions (non-current)	(209,209)	0	136,578	136,578
Movement in payables (non-current)	(6,750)	0	54,001	54,001
Movement in lease payables (non-current)	137,163	0	0	0
Add: Change in accounting policy	0	(594,247)	0	0
Add: Loss on disposal of assets	12(a) 24,217	108,448	46,823	46,823
Add: Write off minor assets	93,758	0	0	0
Add: Depreciation on non-current assets	12(d) 4,128,897	4,378,000	3,999,335	3,999,335
Non cash amounts excluded from operating activities	3,710,881	3,849,883	3,383,590	3,383,590
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserves - cash/financial asset backed	4 (5,895,843)	(5,535,281)	(6,095,369)	(6,095,369)
Less: Financial assets at amortised cost - self supporting loans	5(a) (3,447)	(14,053)	(13,630)	(13,630)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	18(a) 1,750,166	1,750,166	1,693,964	1,693,964
- Employee benefit provisions	25,348	35,020	0	0
Total adjustments to net current assets	(4,123,776)	(3,764,148)	(4,415,035)	(4,415,035)
Total current assets	19,027,090	11,666,244	16,236,961	15,659,612
Less: Total current liabilities	(11,664,317)	(7,877,562)	(10,217,509)	(8,750,985)
Less: Total adjustments to net current assets	(4,123,776)	(3,764,148)	(4,415,035)	(4,415,035)
Net current assets used in the Rate Setting Statement	3,238,997	24,534	1,604,417	2,493,592
(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards				
Total current assets at 30 June 2019				15,659,612
- Lease receivable	32(a)			577,349
Total current assets at 1 July 2019				16,236,961
Total current liabilities at 30 June 2019				(8,750,985)
- Contract liabilities from contracts with suppliers	32(a)			(11,443)
- Contract liabilities from transfers for recognisable non financial assets	32(a)			(1,074,619)
- Lease liabilities	32(b)			(164,814)
Total current liabilities at 1 July 2019				(10,217,509)

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

31. FINANCIAL RISK MANAGEMENT

This note explains the City's exposure to financial risks and how these risks could affect the City's future financial performance.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets and	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of borrowing facilities

(a) Interest rate risk

Cash and cash equivalents

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

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the City to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2020					
Cash and cash equivalents	0.51%	10,219,350	3,536,776	6,682,574	0
Financial assets at amortised cost - term deposits	0.89%	6,273,882	6,273,882	0	0
2019					
Cash and cash equivalents	1.60%	8,170,423	4,321,313	3,849,110	0
Financial assets at amortised cost	2.13%	4,860,495	4,860,495	0	0

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	102,194	81,704

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The City does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 18(b).

31. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

The City's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The City manages this risk by monitoring outstanding debt and employing debt recovery processes.

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.04%	
Gross carrying amount	241,667	159,240	9,241	254,259	664,407
Loss allowance	0	0	0	9,282	9,282

30 June 2019

Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.05%	
Gross carrying amount	893,424	218,956	14,583	192,583	1,319,546
Loss allowance	0	0	0	9,282	9,282

Contract Assets

The City's contract assets represent work completed, which have not been invoiced at year end. This is due to the City not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The City applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The City has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

31. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

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

The contractual undiscounted cash flows of the City's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2020					
Payables	6,186,122	0	0	6,186,122	6,186,122
Borrowings	1,926,583	3,962,019	429,791	6,318,393	5,864,651
Contract liabilities	1,022,659	0	0	1,022,659	1,022,659
Lease liabilities	58,232	71,524	81,950	211,706	190,162
	<u>9,193,596</u>	<u>4,033,543</u>	<u>511,741</u>	<u>13,738,880</u>	<u>13,263,594</u>
2019					
Payables	4,782,262	0	0	4,782,262	4,782,262
Borrowings	1,926,583	5,350,209	968,184	8,244,976	7,555,716
	<u>6,708,845</u>	<u>5,350,209</u>	<u>968,184</u>	<u>13,027,238</u>	<u>12,337,978</u>

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

32. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 1058: Income For Not-For-Profit Entities

The City adopted AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions of AASB 1058, the City adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods was not restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB 1058 as compared to AASB 118: Revenue and AASB 1004: Contributions before the change:

Note	AASB 118 and AASB 1004 carrying amount		AASB 1058
	30 June 2019	Reclassification	01 July 2019
	\$	\$	\$
Trade and other payables			
Rates paid in advance		0	(215,648)
Contract liabilities - current			(215,648)
Contract liabilities from transfers for recognisable non financial assets		0	(1,086,062)
Adjustment to retained surplus from adoption of AASB 1058	33(b)	0	(1,301,710)

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance gave rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates were recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the City. When the taxable event occurred, the financial liability was extinguished and the City recognised income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the City to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 118 and 1004 and related Interpretations that were in effect before the change.

Note	2020	
	As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058
	\$	
Statement of Comprehensive Income		
Revenue		
Rates	24,367,185	318,321
Operating grants, subsidies and contributions	2,293,237	11,443
Fees and charges	7,099,852	72,952
Non-operating grants, subsidies and contributions	2,174,522	938,264
Net result	6,143,662	1,340,980
Statement of Financial Position		
Contract assets	33,686	(33,686)
Trade and other payables	6,186,122	(318,321)
Contract liabilities	1,022,659	(1,022,659)
Net assets	247,253,119	1,307,294
Statement of Changes in Equity		
Net result	6,143,662	1,340,980
Retained surplus	81,399,623	1,340,980

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Refer to Note 2 for new revenue recognition accounting policies as a result of the application of AASB 15 and AASB 1058.

(b) AASB 16: Leases

The City adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the City has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB 16 recognised on 1 July 2019. In applying AASB 16, under the specific transition provisions chosen, the City will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the City recognised lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117 (excluding short term and low value leases). These lease liabilities were measured at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was between 2.50% and 3.50%.

	Note	2020 Printer Lease	2020 Land lease	2020 Land Sub-lease
		\$	\$	\$
Operating lease commitments at 30 June 2019 applying AAS 117		109,526	189,241	664,888
Discount applied using incremental borrowing rate		(3,704)	(24,427)	(87,539)
Lease liability recognised as 1 July 2019 discounted using the City's incremental borrowing rate of 3.50%	17(b)	105,822	164,814	577,349
Lease liability - current		66,835	13,639	0
Lease liability - non-current		38,987	151,175	0
Right-of-use assets recognised at 1 July 2019		105,822	0	0
Lease receivable - current		0	0	33,352
Lease receivable - non-current		0	0	543,997
Right-of-use assets recognised at 1 July 2019		0	0	0
Retained earnings re-stated as at 1 July 2019		0	(164,814)	577,349

The City has leased a land which is sub-leased to a third party. On adoption of AASB 16 on 1 July 2019 the lease transactions are adjusted against the retained earnings.

On adoption of AASB 16, the City recognised a right-of-use asset in relation to leases which had previously been classified as an operating lease' applying AASB 117. This right-of-use asset is deemed to be equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments.

In applying AASB 16 for the first time, the City will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

(c) Impact of New Accounting Standards on Retained Surplus

The impact on the City's retained surplus due to the adoption of AASB 15, AASB 1058 and AASB 16 as at 1 July 2019 was as follows:

	Note	Adjustments	2019
			\$
Retained surplus - 30 June 2019			75,945,610
Adjustment to retained surplus from adoption of AASB 16	32(b)	412,535	
Adjustment to retained surplus from adoption of AASB 1058	32(a)	(1,301,710)	(889,175)
Retained surplus - 1 July 2019			75,056,435

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33. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

Effective 6 November 2020, *Local Government (Financial Management) Regulation 16* was deleted and *Local Government (Financial Management) Regulation 17A* was amended with retrospective application. The changes were effective for financial years ending on or after 30 June 2020 so are required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

In accordance with the changes, the City was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 11.

In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

	Note	Carrying amount 30 June 2019 \$	Adjustment \$	Carrying amount 01 July 2019 \$
Property, plant and equipment *	10	319,626,718	(172,343,928)	147,282,790
Revaluation surplus	14	327,188,653	(167,231,000)	159,957,653
Right of use assets	13	0	5,112,928	5,112,928

* Restated - refer to Note 34

Also, following changes to *Local Government (Financial Management) Regulation 17A*, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously or during the year were not reversed as it was deemed fair value approximates cost at the date of the change.

(b) Changes in equity due to change in accounting policies

The impact on the City's opening retained surplus due to the adoption of AASB 15 and AASB 1058 as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			75,945,610
Adjustment to retained surplus from adoption of AASB 15	32(a)	0	
Adjustment to retained surplus from adoption of AASB 16	32(a)	412,535	412,535
Adjustment to retained surplus from adoption of AASB 1058	32(b)	(1,301,710)	(1,301,710)
Retained surplus - 1 July 2019			76,358,145

The impact on the City's opening revaluation surplus resulting from *Local Government (Financial Management) Regulation 16* being deleted and the amendments to *Local Government (Financial Management) Regulation 17A* as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Revaluation surplus - 30 June 2019			327,188,653
Adjustment to revaluation surplus from deletion of FM Reg 16	33(a)	(167,231,000)	
Adjustment to revaluation surplus from deletion of FM Reg 17	33(a)	0	(167,231,000)
Revaluation surplus - 1 July 2019			159,957,653

34. CORRECTION OF ERROR

During the year ended 30 June 2020, the following misstatement was identified relating to the prior year financial report. The misstatement has been corrected by restating each of the affected financial statement line items for the prior period. The misstatement has had no impact on the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program or Statement of Cash Flows for the year ended 30 June 2019, and is set out below:

The fair value of land was not correctly determined at 30 June 2017 due to the following errors:

- Land that the City leases, and therefore is not within the scope of AASB116, was incorrectly recognised as property, plant and equipment (\$6,031,000); and
- Land that is vested to the City, but did not meet the recognition requirements of Local Government (Financial Management) Regulation 16, was incorrectly recognised as property, plant and equipment (\$20,327,000).

As a consequence, the City has determined that Land - freehold land and the revaluation surplus reserve were overstated by \$26,358,000

Statement of Financial Position (Extract)	30 June 2018 (previously reported)	Increase/ (Decrease)	01 July 2018 (Restated)
	\$	\$	\$
Land - freehold land	137,993,000	(26,358,000)	111,635,000
Property, Plant & Equipment	345,708,040	(26,358,000)	319,350,040
Total Non-Current Assets	<u>428,943,625</u>	<u>(26,358,000)</u>	<u>402,585,625</u>
Total Assets	<u>441,309,759</u>	<u>(26,358,000)</u>	<u>414,951,759</u>
Net Assets	<u>426,859,656</u>	<u>(26,358,000)</u>	<u>400,501,656</u>
Revaluation surplus	<u>353,546,653</u>	<u>(26,358,000)</u>	<u>327,188,653</u>
Total Equity	<u>426,859,656</u>	<u>(26,358,000)</u>	<u>400,501,656</u>

Statement of Financial Position (Extract)	30 June 2019 (previously reported)	Increase/ (Decrease)	30 June 2019 (Restated)
	\$	\$	\$
Land - freehold land	137,993,000	(26,358,000)	111,635,000
Property, Plant & Equipment	345,984,719	(26,358,000)	319,626,719
Total Non-Current Assets	<u>435,068,955</u>	<u>(26,358,000)</u>	<u>408,710,955</u>
Total Assets	<u>450,728,567</u>	<u>(26,358,000)</u>	<u>424,370,567</u>
Net Assets	<u>435,587,632</u>	<u>(26,358,000)</u>	<u>409,229,632</u>
Revaluation surplus	<u>353,546,653</u>	<u>(26,358,000)</u>	<u>327,188,653</u>
Total Equity	<u>435,587,632</u>	<u>(26,358,000)</u>	<u>409,229,632</u>

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FOR THE YEAR ENDED 30 JUNE 2020

35. BONDS & RETENTION FUNDS

All bonds and deposits not required by Legislation to be held in trust are included in restricted Cash in Note 3 and shown as current liability in Note 15.

	1 July 2019	Amounts Received	Amounts Paid	30 June 2020
	\$	\$	\$	\$
Footpath Bonds	(1,073,976)	(509,600)	438,633	(1,144,943)
Hall & Key Bond	(51,848)	(2,132)	1,275	(52,705)
Tresillian Bond & Miscellaneous	(7,300)	(641)	697	(7,244)
Retention for Non Compliance	(42,662)	0	0	(42,662)
Construction Training Bond	(60,417)	(398,219)	237,468	(221,168)
Building Construction Bond	(212,863)	(331,382)	207,232	(337,013)
Unclaimed Money	(50,784)	(1,595)	0	(52,379)
Tresillian Artist Sales	(749)	(500)	500	(749)
Crossover Bond	(6,219)	0	0	(6,219)
Miscellaneous	(258,353)	(7,888)	41,676	(224,565)
DAP Application Levy	0	(157,281)	143,028	(14,253)
Adelma	(100,000)	0	0	(100,000)
Supplier Retention	(9,465)	(113,304)	77,940	(44,829)
Staff Funds	(36)	(32)	36	(32)
	(1,874,670)	(1,522,574)	1,148,486	(2,248,759)

CITY OF NEDLANDS
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36. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

CITY OF NEDLANDS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

37. ACTIVITIES/PROGRAMS

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

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

CITY OF NEDLANDS
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

38. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	1.18	0.98	0.85
Asset consumption ratio	0.59	0.58	0.57
Asset renewal funding ratio	0.95	0.92	0.86
Asset sustainability ratio	1.61	2.33	1.45
Debt service cover ratio	4.34	5.61	1.83
Operating surplus ratio	0.12	0.18	(0.12)
Own source revenue coverage ratio	1.06	1.14	0.84

The above ratios are calculated as follows:

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



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the City of Nedlands

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the City of Nedlands (the City) which comprises the Statement of Financial Position as at 30 June 2020, and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, as well as notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

I draw attention to Notes 1 and 12 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the City's annual financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

- (i) Regulation 17A requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 Lease which would have required the entity to measure the vested improvements also at zero cost.
- (ii) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

Emphasis of Matter – Restatement of Comparatives

I draw attention to Note 34 of the financial statements which states that amounts reported as freehold land were overstated since 30 June 2017. This prior period error has been corrected by restating each of the affected financial statement line items for prior periods. My opinion is not modified in respect of this matter.

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

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

- (i) The following material matter indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
 - a. Due to accounting system limitations, vendor activity within the system cannot be tracked or monitored. The vendor also used a generic account. This increased the risk of unauthorised changes to key information, although our audit sampling did not identify any.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report was supported by verifiable information and reasonable assumptions.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the City of Nedlands for the year ended 30 June 2020 included on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



SANDRA LABUSCHAGNE
DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
17 June 2021





