



City of Cockburn Annual Report 2019-2020

Financial Report



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Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the City of Cockburn

Report on the Audit of the Financial Report

Opinion

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

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

- (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 11 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 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 of the Regulations 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 *Leases* 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 of the Regulations did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

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.

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 includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. 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) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the City:
 - a. The asset sustainability ratio as reported in Note 38 of the annual financial report has been below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

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 Cockburn 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.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
2 December 2020

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

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COMMUNITY VISION

Cockburn the best place to be.

Principal place of business: Spearwood, WA



**CITY OF COCKBURN
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 Cockburn 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 Cockburn 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 26th day of November 2020



Acting Chief Executive Officer

Daniel Arndt



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

		2020	2020	2019*
	NOTE	Actual	Revised Budget	Restated Actual
		\$	\$	\$
Revenue and Income				
Rates	28(a)	106,223,439	106,417,468	104,183,000
Operating grants, subsidies and contributions	2(a)	13,724,805	14,846,995	14,519,948
Fees and charges	2(a)	27,357,438	30,262,645	30,518,189
Interest earnings	2(a)	4,500,685	4,787,673	5,760,699
		<u>151,806,367</u>	<u>156,314,781</u>	<u>154,981,836</u>
Expenses				
Employee costs		(60,211,849)	(60,205,105)	(56,782,611)
Materials and contracts		(37,952,938)	(40,696,879)	(40,200,101)
Utility charges		(5,483,944)	(5,715,671)	(5,480,584)
Depreciation on non-current assets	11(b)	(40,772,796)	(37,260,333)	(41,050,466)
Interest expenses	2(b)	(721,414)	(810,225)	(901,383)
Insurance expenses		(1,533,725)	(1,470,280)	(1,745,071)
Other expenditure		(8,694,216)	(9,680,441)	(7,731,006)
		<u>(155,370,882)</u>	<u>(155,838,934)</u>	<u>(153,891,222)</u>
Non-operating grants, subsidies and contributions	2(a)	25,604,896	14,438,511	28,747,222
Profit on asset disposals	11(a)	1,523,132	6,782,176	2,789,916
(Loss) on asset disposals	11(a)	(259,197)	0	(973,437)
Fair value adjustments to financial assets at fair value through profit or loss		2,305	0	847,183
Adjusted share former associates loan liabilities	18(b)	630,030	0	0
Impairment of Investment in Associate	26(a)	(675,004)	0	(881,985)
		<u>26,826,162</u>	<u>21,220,687</u>	<u>30,528,899</u>
Net result for the period		<u>23,261,647</u>	<u>21,696,534</u>	<u>31,619,513</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	14	29,394,970	0	55,545,045
Total other comprehensive income for the period		<u>29,394,970</u>	<u>0</u>	<u>55,545,045</u>
Total comprehensive income for the period		<u><u>52,656,617</u></u>	<u><u>21,696,534</u></u>	<u><u>87,164,558</u></u>

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

* Restated - refer note 33



**CITY OF COCKBURN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Revised Budget \$	2019* Restated Actual \$
Revenue and Income				
Governance		456,336	242,460	627,064
General purpose funding		116,529,403	116,822,139	114,307,338
Law, order, public safety		999,207	738,237	1,221,361
Health		328,179	347,500	367,956
Education and welfare		8,166,946	9,113,893	8,349,716
Community amenities		10,417,466	10,614,027	11,279,915
Recreation and culture		9,400,979	12,687,638	12,655,477
Transport		277,307	314,120	445,918
Economic services		1,763,225	1,887,601	1,869,446
Other property and services		3,467,319	3,547,166	3,857,645
		<u>151,806,367</u>	<u>156,314,781</u>	<u>154,981,836</u>
Expenses				
Governance		(13,170,743)	(13,270,620)	(10,379,977)
General purpose funding		(1,095,173)	(1,252,363)	(850,481)
Law, order, public safety		(7,000,600)	(7,094,497)	(6,790,448)
Health		(2,442,713)	(2,608,235)	(2,364,483)
Education and welfare		(15,182,975)	(16,913,401)	(15,472,229)
Community amenities		(33,409,514)	(31,419,591)	(39,137,863)
Recreation and culture		(43,730,616)	(44,306,518)	(43,170,992)
Transport		(31,362,870)	(31,825,971)	(27,889,089)
Economic services		(2,694,409)	(2,758,696)	(2,581,274)
Other property and services		(4,559,854)	(3,578,817)	(4,353,003)
		<u>(154,649,468)</u>	<u>(155,028,709)</u>	<u>(152,989,840)</u>
Finance Costs				
Governance	2(b)	(8,542)	0	0
General purpose funding		(617,805)	(617,625)	(782,613)
Law, order, public safety		(47)	0	0
Education and welfare		(555)	0	0
Community amenities		(89,339)	(192,600)	(118,770)
Recreation and culture		(1,263)	0	0
Other property and services		(3,863)	0	0
		<u>(721,414)</u>	<u>(810,225)</u>	<u>(901,383)</u>
Non-operating grants, subsidies and contributions	2(a)	25,604,896	14,438,511	28,747,222
Profit on disposal of assets	11(a)	1,523,132	6,782,176	2,789,916
(Loss) on disposal of assets	11(a)	(259,197)	0	(973,437)
Fair value adjustments to financial assets at fair value through profit or loss		2,305	0	847,183
Adjusted share former associates loan liabilities	18(b)	630,030	0	0
Impairment of Investment in Associate	26(a)	(675,004)	0	(881,985)
		<u>26,826,162</u>	<u>21,220,687</u>	<u>30,528,899</u>
Net result for the period		23,261,647	21,696,534	31,619,513
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	14	29,394,970	0	55,545,045
Total other comprehensive income for the period		29,394,970	0	55,545,045
Total comprehensive income for the period		52,656,617	21,696,534	87,164,558

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

* Restated - refer note 33



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

	NOTE	2020 \$	2019* Restated \$
CURRENT ASSETS			
Cash and cash equivalents	3	5,133,910	7,586,674
Trade and other receivables	6	7,640,553	7,652,203
Other financial assets	5(a)	169,400,000	157,400,000
Inventories	7	31,107	33,335
Other assets	8	4,500,651	3,668,752
TOTAL CURRENT ASSETS		186,706,221	176,340,964
NON-CURRENT ASSETS			
Trade and other receivables	6	1,361,772	1,018,156
Other financial assets	5(b)	1,093,670	1,141,031
Investment in associate	26(a)	0	675,004
Property, plant and equipment	9	333,321,662	335,763,145
Infrastructure	10	871,151,088	829,657,204
Intangible assets	13	20,636,687	25,370,319
Right of use assets	12(a)	708,987	0
TOTAL NON-CURRENT ASSETS		1,228,273,866	1,193,624,859
TOTAL ASSETS		1,414,980,087	1,369,965,823
CURRENT LIABILITIES			
Trade and other payables	15(a)	15,351,658	12,778,468
Contract liabilities	16	713,380	0
Lease liabilities	17(a)	421,881	0
Borrowings	18(a)	3,226,983	4,770,060
Employee related provisions	19	7,953,702	7,128,070
Other provisions	20	800,000	5,171,553
TOTAL CURRENT LIABILITIES		28,467,604	29,848,151
NON-CURRENT LIABILITIES			
Contract liabilities	16	15,527,154	0
Lease liabilities	17(a)	344,141	0
Other payables	15(b)	884,565	2,441,341
Borrowings	18(a)	16,171,527	19,163,523
Employee related provisions	19	2,093,180	1,931,719
Other provisions	20	31,583,854	31,644,203
TOTAL NON-CURRENT LIABILITIES		66,604,421	55,180,786
TOTAL LIABILITIES		95,072,025	85,028,937
NET ASSETS		1,319,908,062	1,284,936,886
EQUITY			
Retained surplus		561,835,270	563,455,916
Reserves - cash/financial asset backed	4	149,783,094	142,586,242
Revaluation surplus	14	608,289,698	578,894,728
TOTAL EQUITY		1,319,908,062	1,284,936,886

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

* Restated - refer note 33



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

		RESERVES CASH/FINANCIAL		
	RETAINED	ASSET	REVALUATION	TOTAL
NOTE	SURPLUS	BACKED	SURPLUS	EQUITY
	\$	\$	\$	\$
Balance as at 1 July 2018	555,366,219	119,056,426	523,349,683	1,197,772,328
Comprehensive income				
Net result for the period	31,619,513	0	0	31,619,513
Other comprehensive income (restated) *	0	0	55,545,045	55,545,045
Total comprehensive income *	31,619,513	0	55,545,045	87,164,558
Transfers from reserves	30,936,193	(30,936,193)	0	0
Transfers to reserves	(54,466,009)	54,466,009	0	0
Balance as at 30 June 2019*	563,455,916	142,586,242	578,894,728	1,284,936,886
Change in accounting policy	(17,685,441)	0	0	(17,685,441)
Restated total equity at 1 July 2019	545,770,475	142,586,242	578,894,728	1,267,251,445
Comprehensive income				
Net result for the period	23,261,647	0	0	23,261,647
Other comprehensive income	0	0	29,394,970	29,394,970
Total comprehensive income	23,261,647	0	29,394,970	52,656,617
Transfers from reserves	41,223,343	(41,223,343)	0	0
Transfers to reserves	(48,420,195)	48,420,195	0	0
Balance as at 30 June 2020	561,835,270	149,783,094	608,289,698	1,319,908,062

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

* Restated - refer note 33



**CITY OF COCKBURN
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		107,575,107	108,170,000	103,831,112
Operating grants, subsidies and contributions		13,877,283	14,394,997	14,519,948
Fees and charges		27,357,438	29,361,458	27,557,103
Interest received		4,500,685	5,144,473	5,663,580
Goods and services tax received		4,214,404	5,556,265	7,690,640
Other revenue		0	0	(423,286)
		<u>157,524,917</u>	<u>162,627,192</u>	<u>158,839,097</u>
Payments				
Employee costs		(58,990,864)	(58,922,399)	(56,476,590)
Materials and contracts		(41,407,197)	(38,074,585)	(39,679,430)
Utility charges		(5,483,944)	(5,724,940)	(5,480,584)
Interest expenses		(721,414)	(617,625)	(1,070,204)
Insurance paid		(1,533,725)	(1,560,700)	(1,745,071)
Goods and services tax paid		(5,500,877)	(5,556,265)	(8,469,395)
Other expenditure		(8,694,216)	(11,149,441)	(7,557,692)
		<u>(122,332,237)</u>	<u>(121,605,954)</u>	<u>(120,478,965)</u>
Net cash provided by operating activities	21	<u>35,192,681</u>	<u>41,021,238</u>	<u>38,360,130</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(11,128,321)	(15,280,120)	(17,691,634)
Payments for construction of infrastructure		(22,337,191)	(28,096,627)	(25,081,191)
Non-operating grants, subsidies and contributions		11,372,253	12,288,933	19,308,051
Payments/ receipts for financial assets at amortised cost	5	(11,950,334)	0	(18,648,298)
Proceeds from sale of property, plant & equipment	11(a)	2,693,952	915,000	8,603,151
Net cash provided by (used in) investment activities		<u>(31,349,641)</u>	<u>(30,172,814)</u>	<u>(33,509,921)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	18(b)	(3,905,043)	(2,500,000)	(3,993,540)
Net receipts/(refund) of bonds		(1,920,960)	0	5,938,610
Payments for principal portion of lease liabilities	17(b)	(469,799)	0	0
Net cash provided by (used in) financing activities		<u>(6,295,802)</u>	<u>(2,500,000)</u>	<u>1,945,070</u>
Net increase (decrease) in cash held		<u>(2,452,762)</u>	<u>8,348,425</u>	<u>6,795,280</u>
Cash at beginning of year		7,586,674	127,392,002	791,393
Cash and cash equivalents at the end of the year	21	<u><u>5,133,910</u></u>	<u><u>135,740,427</u></u>	<u><u>7,586,674</u></u>

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



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	29 (b)	7,236,184	2,000,000	11,967,494
		<u>7,236,184</u>	<u>2,000,000</u>	<u>11,967,494</u>
Revenue from operating activities (excluding rates)				
Governance		456,336	117,300	627,064
General purpose funding		10,850,266	10,166,000	11,503,206
Law, order, public safety		999,207	738,238	1,221,361
Health		328,179	333,500	376,724
Education and welfare		8,166,946	8,548,893	8,349,716
Community amenities		10,417,466	11,192,509	11,481,505
Recreation and culture		9,400,979	12,555,615	12,655,477
Transport		492,261	281,000	655,142
Economic services		3,071,403	2,062,601	1,869,446
Other property and services		3,467,319	3,395,272	6,227,979
		<u>47,650,362</u>	<u>49,390,928</u>	<u>54,967,620</u>
Expenditure from operating activities				
Governance		(13,179,285)	(12,233,696)	(10,379,977)
General purpose funding		(1,712,978)	(1,304,666)	(1,633,094)
Law, order, public safety		(7,157,321)	(6,898,722)	(6,790,448)
Health		(2,442,713)	(2,536,674)	(2,364,483)
Education and welfare		(15,183,530)	(16,561,001)	(15,472,229)
Community amenities		(33,498,853)	(32,246,831)	(39,256,633)
Recreation and culture		(43,731,879)	(44,023,360)	(44,112,563)
Transport		(31,362,870)	(29,971,706)	(27,889,089)
Economic services		(2,694,409)	(2,743,719)	(2,581,274)
Other property and services		(4,666,241)	(3,359,723)	(4,384,868)
		<u>(155,630,079)</u>	<u>(151,880,098)</u>	<u>(154,864,659)</u>
Non-cash amounts excluded from operating activities	29(a)	37,150,738	35,444,207	33,899,393
Amount attributable to operating activities		<u>(63,592,795)</u>	<u>(65,044,963)</u>	<u>(54,030,152)</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	25,604,896	12,288,933	28,747,222
Proceeds from disposal of assets	11(a)	2,693,952	915,000	8,603,151
Purchase of property, plant and equipment	9(a)	(11,128,321)	(15,280,120)	(17,691,634)
Purchase and construction of infrastructure	10(a)	(36,569,834)	(28,096,627)	(34,520,362)
Reduction in rehabilitation assets provision	13	1,098,378	0	0
Amount attributable to investing activities		<u>(18,300,929)</u>	<u>(30,172,814)</u>	<u>(14,861,623)</u>
FINANCING ACTIVITIES				
Repayment of borrowings	18(b)	(3,905,043)	(2,500,000)	(3,993,540)
Payments for principal portion of lease liabilities	17(b)	(469,799)	0	0
Transfers to reserves (restricted assets)	4	(48,420,195)	(27,595,783)	(54,466,009)
Transfers from reserves (restricted assets)	4	41,223,343	17,646,331	30,936,193
Amount attributable to financing activities		<u>(11,571,694)</u>	<u>(12,449,452)</u>	<u>(27,523,356)</u>
Deficit before imposition of general rates		<u>(93,465,418)</u>	<u>(107,667,230)</u>	<u>(96,415,131)</u>
Total amount raised from general rates	28(a)	<u>105,636,468</u>	<u>107,680,000</u>	<u>103,651,315</u>
Surplus after imposition of general rates	29(b)	<u>12,171,050</u>	<u>12,771</u>	<u>7,236,184</u>

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



**CITY OF COCKBURN
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FOR THE YEAR ENDED 30 JUNE 2020**

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CITY OF COCKBURN
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.

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.

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.

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. A separate statement of those monies appears at Note 35 to these financial statements.



CITY OF COCKBURN
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	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates - general rates	General rates	Over time	Payment dates adopted by council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Rates - specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method 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	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the funding body	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Fees and charges - administration fees	Fees relating to FESA, Service Charges, Building, Pet Registration, Impounding, Licencing, Planning, Search and Supervision fees	Single point in time	Payment in full in advance	None	Set by State legislation or adopted by council annually	Based on the timing of issue and/ or transfer of rights	Not applicable	When the service is rendered and complete or upon payment of the licence, registration or approval
Fees and charges - fines	Fines Issued for breaches of local laws	Single point in time	Payment in full within defined time	None	Adopted by council through local law	When taxable event occurs	Not applicable	When fine is issued
Fees and charges - memberships	Gym and pool memberships	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period of	Returns limited to repayment of transaction	Output method over 12 months matched to access right
Fees and charges - other inspections	Regulatory food, health and safety check	Single point in time	Full payment prior to inspection	None	Adopted by council annually based on State Government Legislation	Applied fully on timing on inspection	Not applicable	After inspection event occurs
Fees and charges - pool inspections	Pool compliance safety check	Single point in time	Equal proportion based on an equal annual fee	None	Set by State legislation	Apportioned equally across the inspection cycle	Not applicable	After inspection event occurs
Fees and charges - property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction	On entry or conclusion of hire
Fees and charges - sundry sales	Sale of minor items	Single point in time	In full in advance	Returns for faulty items	Adopted by council annually	When taxable event occurs	Returns limited to repayment of transaction	On delivery of good
Fees and charges - waste management collections	Kerbside collection services	Over time	Payment on an annual basis	None	Adopted by council annually	Apportioned equally across the collection period	Returns limited to repayment of transaction	Based on regular weekly and fortnightly period proportionate to collection service
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal terms if credit provided	None	Adopted by council annually	Based on the timing of entry to the facility	Not applicable	On entry to facility
Fees and charges for other goods and services	Works for drainage modifications, kerbing or any other private works not associated with crossovers	Single point in time	When works are complete	None	Quotes determined by scale and nature of project and should match expenditure	Applied fully upon successful completion of works	Not applicable	After works are complete



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

2. REVENUE, INCOME AND EXPENSES

(a) Grant revenue and income

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

	2020 Actual \$	2020 Revised Budget \$	2019 Actual \$
Operating grants, subsidies and contributions			
Governance	293,609	227,660	371,711
General purpose funding	4,224,085	4,305,238	4,284,426
Law, order, public safety	318,712	275,686	458,852
Health	34,586	50,000	21,256
Education and welfare	6,925,336	7,498,299	6,661,126
Community amenities	747,294	1,085,841	1,337,010
Recreation and culture	693,832	985,631	837,382
Transport	107,239	84,120	120,997
Economic services	5,862	3,000	4,393
Other property and services	374,252	331,520	422,796
	<u>13,724,805</u>	<u>14,846,995</u>	<u>14,519,948</u>
Non-operating grants, subsidies and contributions			
Governance	0	0	114,910
General purpose funding	3,768,966	3,117,625	3,217,623
Community amenities	95,182	95,182	0
Recreation and culture	1,752,220	6,302,601	3,979,758
Transport	17,603,196	8,200,168	18,196,664
Other property and services	2,385,332	(3,277,065)	3,238,266
	<u>25,604,896</u>	<u>14,438,511</u>	<u>28,747,222</u>
Total grants, subsidies and contributions	<u>39,329,701</u>	<u>29,285,506</u>	<u>43,267,170</u>
Fees and charges			
Governance	162,256	14,800	254,425
General purpose funding	1,599,405	1,611,232	507,894
Law, order, public safety	680,495	462,551	762,510
Health	293,594	297,500	346,700
Education and welfare	1,224,028	1,597,743	1,671,911
Community amenities	9,670,173	9,528,186	9,942,906
Recreation and culture	8,707,147	11,702,007	11,818,095
Transport	170,068	230,000	324,921
Economic services	1,757,363	1,884,601	1,865,053
Other property and services	3,092,908	2,934,024	3,023,773
	<u>27,357,438</u>	<u>30,262,645</u>	<u>30,518,189</u>

There were no changes to the amounts of fees or charges detailed in the original budget

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, waste management fees, rentals, hire charges, fee for service photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.



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

2. REVENUE, INCOME AND EXPENSES (Continued)

	2020 Actual \$	2020 Revised 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:			
Operating grants, subsidies and contributions	13,724,805	14,846,995	14,519,948
Fees and charges	27,357,438	30,262,645	30,518,189
Non-operating grants, subsidies and contributions	25,604,896	14,438,511	28,747,222
	66,687,139	59,548,150	73,785,359

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	3,342,043		5,208,239
Contract liabilities from contracts with customers	(713,380)		0
Contract liabilities from transfers for recognisable non financial assets	(15,527,154)		0

Contract liabilities for contracts with customers primarily relate to developer contributions and 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 5 years or more.



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

2. REVENUE, INCOME AND EXPENSES (Continued)

	2020 Actual \$	2020 Revised Budget \$	2019 Actual \$
Revenue from statutory requirements			
Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:			
General rates	105,804,740	105,837,667	101,869,204
Specified area rates	586,971	595,000	531,685
Statutory permits and licences	1,002,729	0	0
Fines	226,674	0	0
Developer contributions	6,247,423	0	0
Public open space contributions	751,809	0	0
	<u>114,620,346</u>	<u>106,432,667</u>	<u>102,400,889</u>
Interest earnings			
Rates instalment and penalty interest (refer Note 28(d))	249,376	240,000	281,528
Other interest earnings	4,251,309	4,547,673	5,479,171
	<u>4,500,685</u>	<u>4,787,673</u>	<u>5,760,699</u>

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other services

Interest expenses (finance costs)

- Borrowings
- Accretion expense
- Lease liabilities

Note	2020 Actual \$	2020 Revised Budget \$	2019 Actual \$
	81,000	90,000	45,000
	10,999	7,225	9,995
	<u>91,999</u>	<u>97,225</u>	<u>54,995</u>
18(b)	840,664	810,225	1,070,204
	(133,771)	0	(168,821)
17(b)	14,522	0	0
	<u>721,414</u>	<u>810,225</u>	<u>901,383</u>



CITY OF COCKBURN
 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		5,133,910	7,586,674
Total cash and cash equivalents		5,133,910	7,586,674

Restriction Assets

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		3,846,465	3,497,269
- Financial assets at amortised cost		150,667,659	145,027,583
		154,514,124	148,524,852

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

Reserves - cash/financial asset backed	4	149,783,094	142,586,242
Contract liabilities from contracts with customers	16	713,380	0
Bonds & deposits		4,017,650	5,938,610
Total restricted assets		154,514,124	148,524,852

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.

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

4. RESERVES - CASH/FINANCIAL ASSET	2020	2020	2020	2020	2020	2020	2020	2020	2019	2019	2019	2019
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Staff Payments & Entitlements	1,679,842	143,286	(190,000)	1,633,128	1,691,755	167,136	(190,000)	1,658,891	1,709,731	159,373	(189,263)	1,679,842
(b) Plant & Vehicle Replacement	11,016,204	3,178,961	(2,794,410)	11,400,754	9,430,065	3,185,588	(2,955,000)	9,660,653	9,354,672	3,509,291	(1,847,759)	11,016,204
(c) Information Technology	302,718	203,531	(5,000)	501,249	293,703	203,803	0	497,506	206,564	203,529	(107,375)	302,718
(d) Major Building Refurbishment	14,878,218	1,801,413	(2,467)	16,877,163	14,565,981	263,171	0	14,829,152	13,093,407	1,784,811	0	14,878,218
(e) Waste & Recycling	15,481,387	1,194,695	(4,475,815)	12,200,267	14,867,166	1,017,137	0	15,884,303	14,136,202	1,635,169	(289,984)	15,481,387
(f) Land Development and Investment Fund	9,638,807	1,790,200	(426,362)	11,002,645	7,351,453	388,150	(179,000)	7,560,603	3,756,615	6,208,078	(325,885)	9,638,807
(g) Roads & Drainage Infrastructure	12,944,727	2,243,228	(4,745,895)	10,442,060	8,636,662	290,552	(6,557,000)	2,370,214	15,446,224	2,288,766	(4,790,263)	12,944,727
(h) Naval Base Shacks	1,132,099	43,225	(13,685)	1,161,639	1,132,801	51,677	(50,000)	1,134,478	1,078,014	54,085	0	1,132,099
(i) Community Infrastructure	19,187,585	10,370,689	(1,780,838)	27,777,436	16,751,412	9,798,919	(1,000,000)	25,550,331	14,879,832	7,730,370	(3,422,617)	19,187,585
(j) Insurance	1,806,509	696,102	(266,705)	2,235,907	1,786,620	531,946	0	2,318,566	1,262,819	585,853	(42,162)	1,806,509
(k) Greenhouse Action Fund	572,893	206,419	(37,670)	741,642	550,222	208,367	(40,000)	718,589	420,433	209,010	(56,550)	572,893
(l) Aged and Disabled Asset Replacement	372,120	112,111	(92,607)	391,623	281,276	66,133	0	347,409	191,004	181,116	0	372,120
(m) Welfare Projects Employee Entitlements	1,044,584	699,089	(131,796)	1,611,878	714,717	12,646	0	727,363	708,131	399,544	(63,091)	1,044,584
(n) HWRP Post Closure Management & Contaminat	2,373,754	1,133,336	(5,577)	3,501,513	2,239,695	1,146,777	(135,000)	3,251,472	2,324,205	50,546	(997)	2,373,754
(o) Municipal Elections	80,756	664	(80,000)	1,420	82,014	0	0	82,014	79,037	1,719	0	80,756
(p) Welfare Redundancies	43,561	471	(44,032)	(0)	43,431	0	0	43,431	42,634	927	0	43,561
(q) Port Coogee Special Maintenance - SAR	1,644,432	459,772	(283,725)	1,820,479	1,619,714	431,375	(204,154)	1,846,935	1,418,130	433,135	(206,833)	1,644,432
(r) Port Coogee Waterways - SAR	94,237	58,031	(50,000)	102,268	120,874	62,852	(50,000)	133,726	92,022	52,215	(50,000)	94,237
(s) Community Surveillance	778,372	208,257	(121,932)	864,698	713,562	216,733	(95,000)	835,295	903,959	217,417	(343,004)	778,372
(t) Waste Collection	3,288,540	1,452,205	(541,216)	4,199,528	3,226,918	1,455,908	(100,000)	4,582,826	2,092,296	1,204,445	(8,201)	3,288,540
(u) Family Day Care Accumulation Fund	11,342	133	0	11,475	30,675	0	0	30,675	30,675	667	(20,000)	11,342
(v) Underground Power - Service Charge	0	0	(0)	(0)	0	0	0	0	0	0	0	0
(w) Naval Base Shack Removal	595,485	56,962	0	652,447	594,822	60,649	0	655,471	527,999	67,486	0	595,485
(x) Environmental Offset	311,136	3,623	(6,748)	308,011	312,545	6,085	0	318,630	304,512	6,624	0	311,136
(y) Bibra Lake Management Plan	579,591	6,305	(64,810)	521,086	513,115	12,170	0	525,285	601,791	12,990	(35,190)	579,591
(z) Restricted Grants & Contributions	6,625,483	5,649,946	(6,488,658)	5,786,771	557,080	0	(27,140)	529,940	4,532,937	6,465,335	(4,372,789)	6,625,483
(1) CIHCF Building Maintenance	7,746,691	1,584,281	(3,500)	9,327,472	7,613,395	1,616,333	0	9,229,728	6,150,813	1,595,878	0	7,746,691
(2) Cockburn ARC Building Maintenance	2,054,346	1,664,019	0	3,718,365	2,064,181	1,680,502	0	3,744,683	2,010,608	43,738	0	2,054,346
(3) Carry Forward Projects	5,932,650	8,780,584	(11,862,384)	2,850,850	2,212,053	0	0	2,212,053	3,618,392	9,557,112	(7,242,854)	5,932,650
(4) Port Coogee Marina Assets Replacement	1,291,632	314,855	(121,600)	1,484,887	1,285,423	305,705	(60,000)	1,531,128	285,423	1,006,209	0	1,291,632
(5) Port Coogee Waterways - WEMP	1,360,710	15,659	(74,297)	1,302,072	1,212,627	33,847	(50,000)	1,196,474	1,763,151	35,147	(437,588)	1,360,710
(6) Cockburn Coast SAR	16,840	24,927	(16,558)	25,209	0	30,000	(8,887)	21,113	897	19,397	(3,453)	16,840
(7) Developer Contribution Plans	17,698,991	4,323,218	(6,495,055)	15,527,154	15,376,745	4,361,622	(5,945,150)	13,793,217	16,033,299	8,746,027	(7,080,335)	17,698,991
	142,586,242	48,420,195	(41,223,343)	149,783,094	117,872,702	27,595,783	(17,646,331)	127,822,154	119,056,426	54,466,009	(30,936,193)	142,586,242

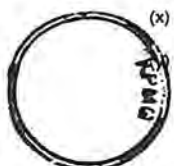
All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

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:



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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Staff Payments & Entitlements	ongoing	This Reserve provides for payment of various staff entitlements including separation, bonus, awards and other payments made to Staff either through contractual or statutory entitlement, other than leave liabilities already provided for within the City's net asset position.
(b) Plant & Vehicle Replacement	ongoing	This Reserve provides for the orderly replacement of plant and vehicles. Annual transfers into this Reserve are based on the estimated depreciation charge for plant each year. Funds are drawn as required to meet annual plant replacement costs.
(c) Information Technology	ongoing	This Reserve is used to provide for the capital cost of upgrading/replacement of Council's computer hardware and software.
(d) Major Building Refurbishment	ongoing	This Reserve provides funding for future major refurbishment of Council buildings as they become necessary. Annual transfers are usually made to this Reserve from any end of year surplus.
(e) Waste & Recycling	majority by 2040	This Reserve provides funding for capital costs associated with the development and management of a waste disposal site. Transfers to this Reserve are made based on planned future capital funding requirements for waste management.
(f) Land Development and Investment Fund	ongoing	This Reserve is to accommodate and facilitate the purchase, development and disposal of land under the Council's land development strategies with the ability to loan funds on an interest payable basis to other reserve accounts of the City.
(g) Roads & Drainage Infrastructure	ongoing	The purpose of this Reserve is to provide for the renewal and refurbishment of roads and drainage infrastructure and for the provision of matching funds for Federal & State Government road grants.
(h) Naval Base Shacks	ongoing	This Reserve provides funds for the development & refurbishment of the Naval Base shacks site. It will also fund rehabilitation costs when the Park reverts back to the State Government. Annual transfers to this Reserve are fully funded by part of the lease income derived from the shacks.
(i) Community Infrastructure	ongoing	This Reserve funds the provision of community and recreation facilities within the City as the need arises. The requirement for these facilities over the next five to ten years is significant due to the rapid rate of development within the city and the associated population growth.
(j) Insurance	ongoing	This Reserve is used to minimise and smooth annual budgetary impacts from the City's performance based insurance schemes, including deductibility levels.
(k) Greenhouse Action Fund	ongoing	This Reserve will be used to purchase carbon offsets and fund projects to support energy efficiency, waste management and renewable energy installations.
(l) Aged and Disabled Asset Replacement	ongoing	This Reserve is fully funded from the operating government grants received by the services and has no budgetary impact on Municipal funds.
(m) Welfare Projects Employee Entitlements	ongoing	This Reserve is fully funded from the operating government grants received by the services and has no budgetary impact on Municipal funds.
(n) HWRP Post Closure Management & Contaminated Sites	ongoing	This Reserve is required to cover any costs associated with clean-up & remediation works at contaminated sites within the district as enforced by the Contaminated Sites Act.
(o) Municipal Elections	ongoing	This Reserve provides funding to cover election expenses during election years to smooth out annual budgetary impacts.
(p) Welfare Redundancies	ongoing	This Reserve was created for the purpose of covering potential future redundancy costs for grant funded services, as funding agreements do not usually allow for these costs.
(q) Port Coogee Special Maintenance - SAR	ongoing	This Reserve is used to manage funds raised through the specified area rate (SAR) for the Port Coogee development. These funds are required for the specialised maintenance requirements of the development.
(r) Port Coogee Waterways - SAR	ongoing	This Reserve is used to manage funds raised through the specified area rate (SAR) for the Port Coogee development on land directly adjacent to the waterways. These funds are required for the maintenance of the waterways surrounding Port Coogee marina and associated infrastructure.
(s) Community Surveillance	ongoing	This Reserve funds activities in relation to Community Surveillance.
(t) Waste Collection	ongoing	This reserve provides funding for future capital requirements related to the Waste Collection service.
(u) Family Day Care Accumulation Fund	ongoing	This Reserve is fully funded from the operating government grants received by the services and has no budgetary impact on Municipal funds.
(v) Underground Power - Service Charge	ongoing	This reserve is used to account for funds generated from the Community Infrastructure Development Contributions Scheme (DCP13) established under the City's Town Planning Scheme No. 3.
(w) Naval Base Shack Removal	uncertain	Established for the purposes of the future removal of leasehold dwellings at Reserve 24308, Naval Base. All funds raised are to be accounted for on a property lease by lease basis, and not on who paid the actual payment at the time of the payment. Funds raised will be reimbursed to leaseholders when dwelling is removed and the
(x) Environmental Offset	ongoing	This Reserve is used to manage funds required to undertake environmental rehabilitation of land associated with road construction as approved by the relevant government agency.
Bibra Lake Management Plan	ongoing	This Reserve is used to manage funding to implement the Bibra Lake Management Plan as adopted by Council.



CITY OF COCKBURN
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 FOR THE YEAR ENDED 30 JUNE 2020

Name of Reserve	Anticipated date of use	Purpose of the reserve
(z) Restricted Grants & Contributions	ongoing	This Reserve is used to quarantine monies received for restricted purposes across financial years.
(f) CIHCF Building Maintenance	ongoing	This Reserve is used to manage funding for major building maintenance of the Cockburn Integrated Health and Community Facility (CIHCF).
(l) Cockburn ARC Building Maintenance	ongoing	This Reserve is used to manage funding for the major building maintenance of the Cockburn ARC recreation facility.
(j) Carry Forward Projects	ongoing	This reserve is used to manage municipal funding for incomplete projects carried forward to the following financial year.
(-) Port Coogee Marina Assets Replacement	ongoing	This Reserve provides for the replacement of marina infrastructure assets. Funding is provided from pen fees to reflect estimated depreciation costs.
(.) Port Coogee Waterways - WEMP	ongoing	This Reserve is used to manage the funds paid by the developer of the Port Coogee marina development in accordance with the Waterways Environmental Management Plan (WEMP). The funds will be used to maintain and manage the marina waterways.
(€) Cockburn Coast SAR	ongoing	This Reserve is used to manage funds raised through the specified area rate (SAR) providing funding to ensure that the parks and public areas (including custom street lighting) within the Cockburn Coast Development are maintained in accordance with the higher standards agreed to between the City and the Developer.
(j) Developer Contribution Plans	ongoing	This Reserve is used for the management of contributions and costs with respect to Development Contribution Areas as established by and in accordance with Town Planning Scheme 3.



**CITY OF COCKBURN
 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	169,400,000	157,400,000
	<u>169,400,000</u>	<u>157,400,000</u>
Financial assets at amortised cost		
Term deposits	169,400,000	157,400,000
	<u>169,400,000</u>	<u>157,400,000</u>
(b) Non-current assets		
Financial assets at amortised cost	951,228	1,000,894
Financial assets at fair value through profit and loss	142,442	140,137
	<u>1,093,670</u>	<u>1,141,031</u>

SIGNIFICANT ACCOUNTING POLICIES

Financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

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



**CITY OF COCKBURN
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

Non-current

Pensioner's rates and ESL deferred

Accrued debtors

	2020	2019
	\$	\$
Rates receivable	2,942,695	2,374,622
Trade and other receivables	3,342,043	5,208,239
GST receivable	1,355,815	69,342
	<u>7,640,553</u>	<u>7,652,203</u>
Pensioner's rates and ESL deferred	1,092,961	1,018,156
Accrued debtors	268,811	0
	<u>1,361,772</u>	<u>1,018,156</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

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

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 COCKBURN
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 FOR THE YEAR ENDED 30 JUNE 2020

7. INVENTORIES

Current

Fuel and materials

	2020	2019
	\$	\$
	31,107	33,335
	31,107	33,335

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Additions/(reductions) to inventory

Carrying amount at end of period

	33,335	33,335
	(2,228)	0
	31,107	33,335

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 COCKBURN
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8. OTHER ASSETS

	<u>2020</u>	<u>2019</u>
	\$	\$
Other assets - current		
Prepayments	474,498	187,192
Accrued revenue and income	4,026,153	3,481,560
	<u>4,500,651</u>	<u>3,668,752</u>

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. Also included is accrued income which represents revenue and income receivable for goods or services already delivered.



9. 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 - freehold land	Total land	Buildings - non-specialised	Total buildings	Total land and buildings	Furniture and equipment*	Plant and equipment*	Computer equipment*	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	84,111,627	84,111,627	230,712,523	230,712,523	314,824,150	2,147,807	14,873,073	4,165,418	336,010,448
Additions during the year	3,948,942	3,948,942	10,192,523	10,192,523	14,141,465	(145,246)	2,606,865	1,088,550	17,691,634
(Disposals)	(5,108,529)	(5,108,529)	(973,437)	(973,437)	(6,081,966)	0	(704,707)	0	(6,786,673)
Depreciation (expense)	0	0	(6,317,893)	(6,317,893)	(6,317,893)	(367,953)	(3,251,482)	(1,214,936)	(11,152,264)
Carrying amount at 30 June 2019	82,952,040	82,952,040	233,613,716	233,613,716	316,565,756	1,634,608	13,523,749	4,039,032	335,763,145
Comprises:									
Gross carrying amount at 30 June 2019	82,952,040	82,952,040	312,843,099	312,843,099	395,795,139	3,520,778	23,616,983	6,967,966	429,900,866
Accumulated depreciation at 30 June 2019	0	0	(79,229,383)	(79,229,383)	(79,229,383)	(1,886,170)	(10,093,234)	(2,928,934)	(94,137,721)
Carrying amount at 30 June 2019	82,952,040	82,952,040	233,613,716	233,613,716	316,565,756	1,634,608	13,523,749	4,039,032	335,763,145
Additions during the year	176,697	176,697	5,127,930	5,127,930	5,304,627	36,110	4,211,685	1,575,899	11,128,321
(Disposals)	(158,000)	(158,000)	(259,197)	(259,197)	(417,197)	0	(1,012,820)	0	(1,430,017)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	(557,365)	(557,365)	(557,365)	0	0	0	(557,365)
Depreciation (expense)	0	0	(6,453,057)	(6,453,057)	(6,453,057)	(361,264)	(3,284,696)	(1,483,406)	(11,582,422)
Carrying amount at 30 June 2020	82,970,737	82,970,737	231,472,028	231,472,028	314,442,765	1,309,454	13,437,918	4,131,525	333,321,662
Comprises:									
Gross carrying amount at 30 June 2020	82,970,737	82,970,737	316,362,349	316,362,349	399,333,086	3,556,888	23,915,413	8,543,865	435,349,252
Accumulated depreciation at 30 June 2020	0	0	(84,890,321)	(84,890,321)	(84,890,321)	(2,247,434)	(10,477,495)	(4,412,340)	(102,027,590)
Carrying amount at 30 June 2020	82,970,737	82,970,737	231,472,028	231,472,028	314,442,765	1,309,454	13,437,918	4,131,525	333,321,662

*) From 1 July 2019, these assets are recorded at (deemed) historical cost less accumulated depreciation and impairment



9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Land and buildings are revalued at fair value

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market Approach	Independent Registered Valuer	June 2017	Price Per Square Metre
Buildings - non-specialised	3	Market Approach, Cost Approach using Current Replacement Cost	Independent Registered Valuer	June 2017	Estimates of 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.

(c) At Cost Measurements

Furniture and equipment, plant and equipment and computer equipment are now held at (deemed) historical cost less accumulated depreciation and impairment following changes to the LG FM Regulations



CITY OF COCKBURN
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 FOR THE YEAR ENDED 30 JUNE 2020

10. 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.

	Infrastructure - roads	Other infrastructure - drainage	Other infrastructure - footpaths	Other infrastructure - parks equipment	Other infrastructure - landfill	Other infrastructure - marina	Other infrastructure - coastal	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	382,203,486	212,503,746	42,441,765	60,653,008	21,421,298	42,442,793	0	761,666,096
Additions during the year	22,251,995	3,608,233	2,050,318	5,688,488	227,969	693,359	0	34,520,362
Revaluation increments / (decrements) transferred to revaluation surplus *	36,297,211	2,098,139	17,149,696	0	0	0	0	55,545,046
Depreciation (expense)	(11,503,206)	(2,617,320)	(1,386,424)	(4,501,580)	(1,088,562)	(977,208)	0	(22,074,300)
Carrying amount at 30 June 2019	429,249,486	215,592,798	60,255,355	61,839,916	20,560,705	42,158,944	0	829,657,204
Comprises:								
Gross carrying amount at 30 June 2019*	658,282,502	265,832,940	86,180,666	95,380,701	37,072,869	49,828,107	0	1,192,577,785
Accumulated depreciation at 30 June 2019	(229,033,016)	(50,240,142)	(25,925,311)	(33,540,785)	(16,512,164)	(7,669,163)	0	(362,920,581)
Carrying amount at 30 June 2019*	429,249,486	215,592,798	60,255,355	61,839,916	20,560,705	42,158,944	0	829,657,204
Additions	18,338,198	3,428,722	2,826,503	10,702,906	363,062	485,284	425,159	36,569,834
Revaluation increments / (decrements) transferred to revaluation surplus	19,728,398	25,401,669	(978,880)	(14,198,853)	0	0	0	29,952,334
Depreciation (expense)	(13,859,488)	(2,649,191)	(1,764,829)	(4,685,437)	(1,091,178)	(423,661)	(554,502)	(25,028,284)
Transfers	0	0	0	0	0	(29,935,895)	29,935,895	0
Carrying amount at 30 June 2020	453,456,595	241,773,998	60,338,150	53,658,532	19,832,589	12,284,672	29,806,552	871,151,088
Comprises:								
Gross carrying amount at 30 June 2020	721,840,835	299,295,154	88,288,620	76,187,582	37,435,931	16,190,135	34,548,415	1,271,784,672
Accumulated depreciation at 30 June 2020	(268,384,240)	(57,521,156)	(25,948,470)	(22,529,050)	(17,603,342)	(3,905,463)	(4,741,863)	(400,633,584)
Carrying amount at 30 June 2020	453,456,595	241,773,998	60,338,150	53,658,532	19,832,589	12,284,672	29,806,552	871,151,088

* Restated - refer note 33



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

10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - roads	3	Cost Approach Using Current Replacement Cost	Management Valuation	June 2020	Estimates of 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	3	Cost Approach Using Current Replacement Cost	Management Valuation	June 2020	Estimates of 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 - footpaths	3	Cost Approach Using Current Replacement Cost	Management Valuation	June 2020	Estimates of 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 equipment	3	Cost Approach Using Current Replacement Cost	Management Valuation	June 2020	Estimates of 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 - landfill	3	Cost Approach Using Current Replacement Cost	Management Valuation	June 2017	Estimates of 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 - marina	3	Market Approach Cost Approach Using Current Replacement Cost	Independent Registered Valuer	July 2016	Estimates of 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 - coastal	3	Market Approach Cost Approach Using Current Replacement Cost	Independent Registered Valuer	July 2016	Estimates of 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 COCKBURN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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



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

11. FIXED ASSETS

(a) Disposals of Assets

	2020 Actual				2020 Revised Budget				2019 Actual			
	Net Book Value	Sale Proceeds	Profit	Loss	Net Book Value	Sale Proceeds	Profit	Loss	Net Book Value	Sale Proceeds	Profit	Loss
Land - freehold land	158,000	1,376,364	1,218,364	0	0	6,740,000	6,740,000	0	5,108,529	7,640,691	2,532,162	0
Buildings - non-specialised	259,197	0	0	(259,197)	0	0	0	0	973,437	0	0	(973,437)
Plant and equipment	1,012,820	1,317,588	304,768	0	1,505,592	1,547,768	42,176	0	704,707	962,460	257,753	0
	<u>1,430,017</u>	<u>2,693,952</u>	<u>1,523,132</u>	<u>(259,197)</u>	<u>1,505,592</u>	<u>8,287,768</u>	<u>6,782,176</u>	<u>0</u>	<u>6,786,673</u>	<u>8,603,151</u>	<u>2,789,916</u>	<u>(973,437)</u>

The following assets were disposed of during the year.

	2020 Actual			
	Net Book Value	Sale Proceeds	Profit	Loss
Plant and Equipment				
Transport	612,551	827,504	214,953	0
Other property and services	400,269	490,084	89,815	0
	<u>1,012,820</u>	<u>1,317,588</u>	<u>304,768</u>	<u>0</u>
Land				
Other Property and Services	158,000	1,376,364	1,218,364	0
	<u>158,000</u>	<u>1,376,364</u>	<u>1,218,364</u>	<u>0</u>
Buildings				
Law, order, public safety	156,674	0	0	(156,674)
Other Property and Services	102,523	0	0	(102,523)
	<u>259,197</u>	<u>0</u>	<u>0</u>	<u>(259,197)</u>
	<u>1,430,017</u>	<u>2,693,952</u>	<u>1,523,132</u>	<u>(259,197)</u>



CITY OF COCKBURN
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FOR THE YEAR ENDED 30 JUNE 2020

11. FIXED ASSETS

(b) Depreciation

	2020	2020 Revised	2019
	Actual	Budget	Actual
	\$	\$	\$
Buildings - non-specialised	6,453,057	6,383,100	6,317,893
Furniture and equipment	361,264	359,052	367,953
Plant and equipment	3,284,696	3,249,355	3,251,482
Computer equipment	1,483,406	1,555,332	1,214,936
Infrastructure - roads	13,859,488	14,081,544	11,503,206
Other infrastructure - drainage	2,649,191	2,695,740	2,617,320
Other infrastructure - footpaths	1,764,829	1,793,460	1,386,424
Other infrastructure - parks equipment	4,685,437	4,769,028	4,501,580
Other infrastructure - landfill	1,091,178	1,142,988	1,088,562
Other infrastructure - marina	423,661	432,012	977,208
Other infrastructure - coastal	554,502	563,580	0
Right of use assets - plant and equipment	526,835	235,142	0
Rehabilitation asset	3,635,252	0	7,823,902
	<u>40,772,796</u>	<u>37,260,333</u>	<u>41,050,466</u>

Revision of useful lives of plant and equipment

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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 - non-specialised	15 to 20 years
Furniture and equipment	4 to 20 years
Plant and equipment	3 to 25 years
Computer equipment	5 years
Infrastructure - roads	14 to 80 years
Infrastructure - drainage	75 to 100 years
Infrastructure - footpaths	30 to 50 years
Infrastructure - parks hard	10 to 75 years
Infrastructure - landfill site	10 to 80 years
Infrastructure - marina	25 to 50 years
Right of use (plant and equipment)	Based on the remaining lease
	Based on the remaining life of
Rehabilitation asset	landfill

Depreciation on revaluation

When an item of land, buildings or infrastructure 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.



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

12. 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 - plant and equipment \$	Right of use assets Total
On adoption of AASB 16 1 July 2019	1,132,354	1,132,354
Additions	103,468	103,468
Depreciation (expense)	(526,835)	(526,835)
Carrying amount at 30 June 2020	708,987	708,987
(b) Cash outflow from leases		
Interest expense on lease liabilities	(14,522)	(14,522)
Lease principal expense	(469,799)	(469,799)
Total cash outflow from leases	(484,321)	(484,321)

SIGNIFICANT ACCOUNTING POLICIES

Leases

Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees now bring to account a right-to-use asset and lease liability into the statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by AASB 117 Leases which did not impact the statement of financial position is now required to be capitalised on the statement of financial position.

Under AASB 117, operating leases payments were expensed as incurred. This has now ceased and is replaced by both depreciation and interest charges.



13. INTANGIBLE ASSETS

(a) Rehabilitation Assets

	2020 Actual	2019 Actual
Non-current	\$	\$
Rehabilitation asset	35,559,444	36,657,822
Less: Accumulated amortisation	(14,922,757)	(11,287,503)
	<u>20,636,687</u>	<u>25,370,319</u>

Movements in carrying amounts of waste landfill assets during the financial year are shown as follows:

Carrying amount at beginning of period	25,370,319	24,777,879
Recognition (adjustment to) of Rehabilitation asset	(1,098,378)	8,416,341
Amortisation expense	(3,635,252)	(7,823,901)
Carrying amount at end of period	<u>20,636,687</u>	<u>25,370,319</u>
TOTAL INTANGIBLE ASSETS	20,636,687	25,370,319

SIGNIFICANT ACCOUNTING POLICIES

Rehabilitation assets

The City complies with the full provision method for accounting provisions in respect of restoration, rehabilitation and site monitoring costs. Charges are made to expenses based on the estimated costs of restoring, rehabilitating and monitoring the landfill site. The rate charge is reviewed annually and is based on an estimated cost per tonne. The cost per tonne is arrived at after taking into account a standard engineering cost per cubic metre of landfill, the density of the waste and the most recent aerial surveys. Engineering rates differ according to the nature of the obligation to provide the service. The provision is recorded at the net present value of expected future costs discounted using the applicable government bond

rates.

The liability for estimated future capping expenditure is provided for through a rehabilitation provision on a phase-by-phase basis and is discounted to its present value, with the inwinding of the discount being charged to the statement of comprehensive income within the amortisation charge. The discounted present value of the future capping expenditure is also capitalised as part of the rehabilitation asset and is amortised on a straight-line basis. Changes in estimates are recognised prospectively with corresponding adjustments to the provision and associated costs.



CITY OF COCKBURN
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 FOR THE YEAR ENDED 30 JUNE 2020

14. REVALUATION SURPLUS

	2020*	2020	2020	Total	2020	2019	2019*	2019	Total*	2019*
	Opening	Revaluation	Revaluation	Movement on	Closing	Opening	Revaluation	Revaluation	Movement on	Closing
	Balance	Increment	(Decrement)	Revaluation	Balance	Balance	Increment	(Decrement)	Revaluation	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	107,394,794	0	0	0	107,394,794	107,394,794	0	0	0	107,394,794
Revaluation surplus - Buildings - non-specialised	22,861,653	0	(557,365)	(557,365)	22,304,288	22,861,653	0	0	0	22,861,653
Revaluation surplus - Infrastructure - roads	222,855,116	19,728,398	0	19,728,398	242,583,514	186,557,905	36,297,211	0	36,297,211	222,855,116
Revaluation surplus - Other infrastructure - drainage	155,248,018	25,401,669	0	25,401,669	180,649,687	153,149,879	2,098,139	0	2,098,139	155,248,018
Revaluation surplus - Other infrastructure - footpaths	45,483,973	0	(978,880)	(978,880)	44,505,093	28,334,277	17,149,696	0	17,149,696	45,483,973
Revaluation surplus - Other infrastructure - parks equipment	22,452,479	0	(14,198,853)	(14,198,853)	8,253,626	22,452,479	0	0	0	22,452,479
Revaluation surplus - Other infrastructure - landfill	2,598,696	0	0	0	2,598,696	2,598,696	0	0	0	2,598,696
	578,894,728	45,130,067	(15,735,098)	29,394,970	608,289,698	523,349,683	55,545,046	0	55,545,046	578,894,728

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

*) Restated - refer note 33



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

15. TRADE AND OTHER PAYABLES

(a) Current

Sundry creditors
Prepaid rates
ATO liabilities
Bonds and deposits held
Other prepaid income

	2020	2019
	\$	\$
	9,571,568	8,697,242
	1,994,546	0
	220,797	(13,095)
	3,133,085	3,497,269
	431,662	597,052
	<u>15,351,658</u>	<u>12,778,468</u>

(b) Non-Current

Non-Current Sundry Deposits & Bonds

	884,565	2,441,341
	<u>884,565</u>	<u>2,441,341</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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



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

16. CONTRACT LIABILITIES

	2020	2019
	\$	\$
Current		
Contract liabilities from contracts with customers	713,380	0
	<u>713,380</u>	<u>0</u>
Non-current		
Contract liabilities from transfers for recognisable non financial assets	15,527,154	0
	<u>15,527,154</u>	<u>0</u>
	<u>16,240,534</u>	<u>0</u>

Performance obligations from contracts with customers are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year	713,380
1 to 2 years	147,525
2 to 3 years	1,500,000
3 to 4 years	4,000,000
4 to 5 years	5,000,000
> 5 years	4,879,629
	<u>16,240,534</u>

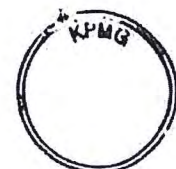
SIGNIFICANT ACCOUNTING POLICIES

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 for developer contributions received under the City's Town Planning Scheme.

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



CITY OF COCKBURN
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 FOR THE YEAR ENDED 30 JUNE 2020

17 LEASE LIABILITIES

(a) Lease Liabilities	2020	2019
	\$	\$
Current	421,881	0
Non-current	344,141	0
	<u>766,022</u>	<u>0</u>

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	30 June 2020	30 June 2020	30 June 2020	30 June 2020	Budget	30 June 2020	30 June 2020	30 June 2020	Actual	30 June 2019	30 June 2019	30 June 2019	
					Actual Lease Principal 1 July 2019	Actual New Leases	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments	Budget Lease Principal 1 July 2019	Budget Lease Principal Repayments	Budget Lease Principal Outstanding	Budget Lease Interest Repayments	Actual Lease Principal 1 July 2019	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments
Governance																	
Cisco Network Switches	E6N0162330	Maia Financial PL	1.49%	45 Months	136,222	0	28,253	107,969	1,819	0	0	0	0	0	0	0	0
Unified Communications System	E6N0160636	Maia Financial PL	1.45%	33 Months	105,695	0	31,093	74,605	1,307	0	0	0	0	0	0	0	0
Rack Mount Servers (5)	E6N0159593	Maia Financial PL	1.40%	18 Months	24,800	0	14,907	9,993	244	0	0	0	0	0	0	0	0
VDI Servers (6)	E6N0159752	Maia Financial PL	1.40%	18 Months	33,335	0	31,944	21,491	524	0	0	0	0	0	0	0	0
SAN Equipment (2)	E6N0160532	Maia Financial PL	1.40%	18 Months	129,058	0	77,955	52,003	1,269	0	0	0	0	0	0	0	0
Pure Storage Shelf x 2	E6N0162620	Maia Financial PL	1.40%	18 Months	0	103,458	64,640	38,827	596	0	0	0	0	0	0	0	0
Wi/Fi Equipment	E6N0159943	Maia Financial PL	1.40%	21 Months	37,391	0	23,913	13,479	342	0	0	0	0	0	0	0	0
Firewall Equipment	E6N0159959	Maia Financial PL	1.40%	21 Months	11,116	0	9,979	4,137	103	0	0	0	0	0	0	0	0
LAN Equipment	E6N0159960	Maia Financial PL	1.40%	21 Months	42,413	0	23,763	18,650	427	0	0	0	0	0	0	0	0
LAN Equipment	E6N0160277	Maia Financial PL	1.40%	15 Months	27,991	0	20,944	7,047	245	0	0	0	0	0	0	0	0
Multi Functional Devices (MFD's) - 4	E6N0162022	Maia Financial PL	1.49%	48 Months	94,856	0	18,305	76,553	1,277	0	0	0	0	0	0	0	0
Law, order, public safety																	
Multi Functional Devices (MFD's) - 4	E6N0162022	Maia Financial PL	1.49%	48 Months	3,499	0	675	2,823	47	0	0	0	0	0	0	0	0
Education and welfare																	
Multi Functional Devices (MFD's) - 1	E6N0162166	Maia Financial PL	1.49%	48 Months	5,062	0	977	4,085	69	0	0	0	0	0	0	0	0
Hyundai I30 Lease	6244197	Management	1.45%	31 Months	11,998	0	5,708	6,290	134	0	0	0	0	0	0	0	0
Multi Functional Devices (MFD's) - 4	E6N0162022	Maia Financial PL	1.49%	48 Months	26,221	0	5,060	21,161	353	0	0	0	0	0	0	0	0
Community amenities																	
Ford Ranger Vehicle Dual Cab Tray		Management	1.40%	21 Months	16,577	0	9,485	7,093	170	0	0	0	0	0	0	0	0
Multi Functional Devices (MFD's) - 4	E6N0162022	Maia Financial PL	1.49%	48 Months	5,997	0	1,155	4,832	81	0	0	0	0	0	0	0	0
Recreation and culture																	
Health Club Equipment - Pin Loaded	E6N0159778	Maia Financial PL	1.45%	33 Months	49,402	0	14,532	34,869	611	0	0	0	0	0	0	0	0
Multi Functional Devices (MFD's) - 4	E6N0162022	Maia Financial PL	1.49%	48 Months	49,427	0	9,345	39,082	652	0	0	0	0	0	0	0	0
Other property and services																	
ALC Baltic Laminator	E6N0162079	Maia Financial PL	1.43%	27 Months	6,834	0	2,526	4,306	60	0	0	0	0	0	0	0	0
Shank Barrier		Eco Shank Barrier PL	1.47%	41 Months	281,695	0	70,518	211,181	3,649	0	0	0	0	0	0	0	0
Signage Printer & Cutter	E6N0160864	Maia Financial PL	1.40%	18 Months	13,767	0	8,220	5,547	135	0	0	0	0	0	0	0	0
					<u>1,192,354</u>	<u>103,466</u>	<u>469,799</u>	<u>766,022</u>	<u>14,622</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>



CITY OF COCKBURN
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18. INFORMATION ON BORROWINGS

	2020	2019
(a) Borrowings	\$	\$
Current	3,226,963	4,770,080
Non-current	16,171,527	19,163,523
	19,398,510	23,933,583

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2020	30 June 2020	30 June 2020	30 June 2020	Budget	30 June 2020	30 June 2020	30 June 2020	Actual	30 June 2019	30 June 2019	30 June 2019	30 June 2019
				Principal	Actual	Actual	Actual	Principal	Principal	Interest	Principal	Principal	Principal	Interest	Principal	Principal	Principal
				1 July 2019	repayments	adjustments	repayments	outstanding	1 July 2019	repayments	repayments	outstanding	1 July 2018	repayments	adjustments	repayments	outstanding
				\$	\$		\$	\$	\$	\$	\$	\$	\$	\$		\$	\$
Community amenities																	
Guarantee of borrowings for SMRC capital spend		WATC	various	6,433,583	1,405,043	630,030	222,858	4,398,510	0	0	192,600	0	7,753,809	1,493,540	(173,314)	287,591	6,433,583
Recreation and culture																	
To assist fund the Cockburn ARC recreation facility	8	WATC	2.96%	17,500,000	2,500,000	0	817,805	15,000,000	17,500,000	2,500,000	617,625	15,000,000	20,000,000	2,500,000	0	782,613	17,500,000
				23,933,583	3,905,043	630,030	840,664	19,398,510	17,500,000	2,500,000	810,225	15,000,000	27,753,809	3,993,540	(173,314)	1,070,204	23,933,583
				23,933,583	3,905,043	630,030	840,664	19,398,510	17,500,000	2,500,000	810,225	15,000,000	27,753,809	3,993,540	(173,314)	1,070,204	23,933,583

* WA Treasury Corporation



CITY OF COCKBURN
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 FOR THE YEAR ENDED 30 JUNE 2020

18. INFORMATION ON BORROWINGS (Continued)

	2020	2019
(c) Undrawn Borrowing Facilities	\$	\$
Credit Standby Arrangements		
Bank overdraft limit		
Bank overdraft at balance date		
Credit card limit	300,000	250,000
Credit card balance at balance date	(78,747)	(107,983)
Total amount of credit unused	221,253	142,017
Loan facilities		
Loan facilities - current	3,226,983	4,770,060
Loan facilities - non-current	16,171,527	19,163,523
Total facilities in use at balance date	19,398,509	23,933,583
Unused loan facilities at balance date	0	0

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

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



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	4,085,015	3,043,055	7,128,070
Non-current provisions	0	1,931,719	1,931,719
	<u>4,085,015</u>	<u>4,974,774</u>	<u>9,059,789</u>
Additional provision	3,542,206	1,121,213	4,663,418
Amounts used	(2,817,633)	(858,693)	(3,676,325)
Balance at 30 June 2020	<u>4,809,588</u>	<u>5,237,294</u>	<u>10,046,882</u>
Comprises			
Current	4,809,588	3,144,114	7,953,702
Non-current	0	2,093,180	2,093,180
	<u>4,809,588</u>	<u>5,237,294</u>	<u>10,046,882</u>
	<u>2020</u>	<u>2019</u>	
Amounts are expected to be settled on the following basis:	\$	\$	
Less than 12 months after the reporting date	4,076,872	3,676,325	
More than 12 months from reporting date	5,970,010	5,383,464	
	<u>10,046,882</u>	<u>9,059,789</u>	

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

Other long-term employee benefits (Continued)

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. OTHER PROVISIONS

	Provision for Remediation	
	Costs	Total
	\$	\$
Opening balance at 1 July 2019		
Current provisions	5,171,553	5,171,553
Non-current provisions	31,644,203	31,644,203
	<u>36,815,756</u>	<u>36,815,756</u>
Provision taken up	(4,431,902)	(4,431,902)
Balance at 30 June 2020	<u>32,383,854</u>	<u>32,383,854</u>
Comprises		
Current	800,000	800,000
Non-current	31,583,854	31,583,854
	<u>32,383,854</u>	<u>32,383,854</u>

Provision for remediation costs

Under the licence for the operation of the Henderson Waste Recovery Park, the City has a legal obligation to restore the site.

A provision for remediation is recognised when:

- there is a present obligation as a result of waste activities undertaken;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount of the provision can be measured reliably.

The estimated future obligations include the costs of restoring the affected areas and continued monitoring of the site.

The provision for future remediation costs is the best estimate of the present value of the expenditure required to settle the remediation obligation at the reporting date. Future remediation costs are reviewed annually and any changes in the estimate are reflected in the present value of the remediation provision at each reporting date.

Amounts which are expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on the remaining life of the waste facility.



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21. 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	5,133,910	135,740,427	7,586,674

**Reconciliation of Net Cash Provided By
Operating Activities to Net Result**

Net result	23,261,647	17,479,763	31,619,513
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)
Adjusted share former associates loan liabilities	(630,030)	0	0
Depreciation on non-current assets	40,772,796	34,853,615	41,050,466
(Profit)/loss on sale of asset	(1,263,935)	590,592	(1,816,481)
Impairment of Investment in Associate	675,004	0	881,985
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(331,966)	0	(2,953,706)
(Increase)/decrease in other assets	(831,899)	0	0
(Increase)/decrease in inventories	2,228	0	2,265
Increase/(decrease) in payables	2,937,374	386,201	(966,709)
Increase/(decrease) in provisions	(2,346,431)	0	137,200
Increase/(decrease) in contract liabilities	(1,444,907)	0	0
Non-operating grants, subsidies and contributions	(25,604,896)	(12,288,933)	(29,578,002)
Net cash from operating activities	35,192,681	41,021,238	38,360,129



CITY OF COCKBURN
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22. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019*
	\$	\$
Governance	60,702,648	60,843,748
General purpose funding	59,904,395	49,757,859
Law, order, public safety	1,368,088	1,552,132
Health	735,495	795,944
Education and welfare	3,351,011	3,428,956
Community amenities	53,577,141	57,465,789
Recreation and culture	119,858,925	130,208,468
Transport	740,070,676	697,604,479
Economic services	2,030,994	1,959,656
Other property and services	373,380,713	366,348,792
	<u>1,414,980,086</u>	<u>1,369,965,823</u>

*) Restated - refer note 33



23. CONTINGENT LIABILITIES

(A) Claim for Injurious Affection - land at 870 North Lake Rd

The owners of 870 North Lake Rd (Otago Pty Ltd) have made application to the State Administrative Tribunal (SAT) for an order, under s176(1) of the PD Act, claiming that their land is injuriously affected to the value of \$3,932,535 by the City's Local Planning Scheme No.3, including by operation of Development Area Structure Plan. The City disagrees and argues strongly that the land is not injuriously affected. Proceedings for determination of the application were stalled in SAT, awaiting the decision of the Court of Appeal on a similar matter (Scutti v City of Wanneroo). The Court of Appeal handed down its decision, which did not go in favour of the City of Wanneroo. However, the City's legal position is that the decision's application is very limited and not necessarily applicable to the Otago matter.

The matter has been heard by the SAT and the City is awaiting notice of the decision to be handed down. No amount in relation to the above matter has been recognised as at 30 June 2020.



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24. CAPITAL AND LEASING COMMITMENTS

	2020	2019
	\$	\$
(a) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	10,383,413	6,632,793
- land acquisition - Cockburn Coast Oval (see note 31)	9,433,304	0
- plant & equipment purchases	1,124,349	1,938,529
	20,941,066	8,571,322
Payable:		
- not later than one year	11,507,762	8,571,322
- later than five years	9,433,304	0
	20,941,066	8,571,322

(b) Other Lease Commitments

Non-cancellable leases contracted for but not capitalised in the accounts (short term and low value leases).

	2020	2019
	\$	\$
Payable:		
- not later than one year	35,968	742,015
- later than one year but not later than five years	0	724,912
	35,968	1,466,927

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

Leases (Continued)

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

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



25. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

	2020 Actual	2020 Budget	2019 Actual
The following fees, expenses and allowances were paid to council members and/or the Mayor.	\$	\$	\$
Meeting fees	332,550	332,618	329,322
Deputy Mayor's allowance			
Travelling expenses	4,119	10,000	4,985
Telecommunications allowance	40,331	35,000	41,190
	489,191	489,809	486,613

Key Management Personnel (KMP) Compensation Disclosure

	2020 Actual	2019 Actual
The total of remuneration paid to KMP of the City during the year are as follows:	\$	\$
Short-term employee benefits	1,632,358	1,314,040
Post-employment benefits	169,127	112,078
Other long-term benefits	496,982	421,862
Termination benefits	350,771	
	2,649,238	1,847,980

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



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25. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

The following transactions occurred with related parties:	2020 Actual	2019 Actual
	\$	\$
Waste disposal payments made to Southern Metropolitan Regional Council (SMRC) #	1,408,632	5,980,280

The City's investment in the SMRC came to an end effective 1 July 2019

Related Parties

The City's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

iii. Entities subject to significant influence by the City

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



CITY OF COCKBURN
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 FOR THE YEAR ENDED 30 JUNE 2020

26. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

	2020	2019
	\$	\$
(a) Carrying amount of investment in associate		
Current assets	0	96,077
Non current assets	0	578,926
Total assets	<u>0</u>	<u>675,004</u>
Total liabilities	<u>0</u>	<u>0</u>
Net assets	<u>0</u>	<u>675,004</u>
Net decrease in share of associate entity's net assets	(675,004)	(881,985)
- Share of associates profit/(loss) from ordinary activities		
- Share of associates other comprehensive income arising during the period	<u>0</u>	<u>(881,985)</u>
- Share of associates total comprehensive income arising during the period	0	(881,985)
Carrying amount at beginning of period	675,004	1,556,989
- Share of associates total comprehensive income arising during the period	0	(881,985)
- Impairment of investment	<u>(675,004)</u>	<u>0</u>
Carrying amount at end of period	<u>0</u>	<u>675,004</u>



27. INVESTMENT IN ASSOCIATES - SMRC

The City was previously a member of the Southern Metropolitan Regional Council (SMRC), a regional local government established in 1991 pursuant to the Local Government Act with a membership of five local governments. Council determined to withdraw from the SMRC establishment agreement, which became effective after 30 June 2019 (i.e. 1 July 2019). At reporting date, the City had no equity interest in the assets of the SMRC.

City of Cockburn's withdrawal from the SMRC and all associated projects

The City withdrew from the Regional Resource Recovery Centre (RRRC) Project Participants' Agreement, which became effective after 30 June 2017. At reporting date, the City had no equity interest in the assets of the RRRC. However, the City has recognised a liability for its share of the project's borrowings for which it has guaranteed (refer note 18b). The full repayment of all associated borrowings (expected June 2023) will trigger an equity share in the RRRC's remaining assets at that time (being those acquired through the borrowings). It is the City's position that any value remaining in those assets will be immaterial at that time and accordingly no asset has been recognised.

The City withdrew from the Office Accommodation Project Participant's Agreement, which became effective after 30 June 2019 (i.e. 1 July 2019). At reporting date, the City had no equity interest in the assets of the Office Accommodation Project and no liability for related borrowings.

SIGNIFICANT ACCOUNTING POLICIES

Investment in associates

An associate is an entity over which the City has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the City's share of net assets of the associate. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the City's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in associates (Continued)

Profits and losses resulting from transactions between the City and the associate are eliminated to the extent of the City's interest in the associate. When the City's share of losses in an associate equals or exceeds its interest in the associate, the City discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the City will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.



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28. RATING INFORMATION

(a) General Rates

RATE TYPE	Rate in \$	Number of Properties	2019/20	2019/20	2019/20	2019/20	2019/20	2019/20	2019/20	2019/20	2018/19	
			Actual Rateable Value \$	Actual Rate Revenue \$	Actual Interim Rates \$	Actual Back Rates \$	Actual Total Revenue \$	Revised Budget Rate Revenue \$	Revised Budget Interim Rate \$	Revised Budget Back Rate \$	Revised Budget Total Revenue \$	Actual Total Revenue \$
Differential general rate / general rate												
Gross rental valuations												
Improved Commercial/Industrial	0.07978	2,630	342,089,093	27,291,868	543,225		27,835,093	27,291,868	420,199	0	27,712,067	26,465,041
Improved Commercial - Caravan Park	0.11081	2	1,778,244	197,047			197,047	197,047	0	0	197,047	186,253
Improved Residential	0.076	31,282	716,532,625	54,456,480	1,059,102		55,515,582	54,456,480	1,207,470	0	55,663,950	53,263,659
Vacant	0.08993	1,478	38,149,740	3,430,806	74,050		3,504,856	3,430,806	0	0	3,430,806	3,486,700
Unimproved valuations												
Rural Vacant Land	0.00413	53	70,814,000	292,462	(9,840)		282,622	292,462	0	0	292,462	288,660
Rural General	0.00268	94	76,790,000	205,797	(71,795)		134,002	205,797	0	0	205,797	451,129
Sub-Total		35,539	1,246,153,702	85,874,460	1,594,742	0	87,469,202	85,874,460	1,627,669	0	87,502,129	84,141,442
Minimum payment												
Gross rental valuations												
Improved Commercial/Industrial	786	207	1,622,016	162,702			162,702	162,702	0	0	162,702	160,368
Improved Commercial - Caravan Park	786	0	0	0			0	0	0	0	0	0
Improved Residential	1,353	12,681	202,059,676	17,157,393			17,157,393	17,157,393	0	0	17,157,393	16,481,808
Vacant	755	1,331	8,879,693	1,004,905			1,004,905	1,004,905	0	0	1,004,905	1,071,486
Unimproved valuations												
Rural Vacant Land	958	3	273,000	2,874			2,874	2,874	0	0	2,874	940
Rural General	958	8	911,995	7,664			7,664	7,664	0	0	7,664	13,160
Sub-Total		14,230	213,746,380	18,335,538	0	0	18,335,538	18,335,538	0	0	18,335,538	17,727,762
		49,769	1,459,900,082	104,209,998	1,594,742	0	105,804,740	104,209,998	1,627,669	0	105,837,667	101,869,204
							105,804,740				105,837,667	101,869,204
							(1,996,588)				(1,957,667)	(1,909,309)
Concessions (Note 28(c))												
Ex-gratia rates												
Prepaid rates												
Total amount raised from general rate												
Specified Area Rate (Note 28(b))												
Totals												
							105,636,468				105,822,468	103,651,315
							586,971				595,000	531,685
							106,223,439				106,417,468	104,183,000

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.



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28. RATING INFORMATION (Continued)

(b) Specified Area Rate

Specified Area Rate	Basis of Valuation	Rate in \$	2019/20	2019/20	2019/20	2019/20	2019/20	2019/20	2019/20	2019/20	2019/20	2018/19
			Actual Rateable Value	Actual Rate Revenue	Interim Rate Revenue	Back Rate Revenue	Total Specified Area Rate Revenue	Revised Budget Rate Revenue	Revised Budget Back Rate Revenue	Revised Budget Interim Rate Revenue	Total Revised Budget Revenue	Total Actual Revenue
Port Coogee Special Maintenance	GRV	0.013	32,777,720	415,556	25,792	0	441,348	440,000	0	0	440,000	399,283
Port Coogee Waterways	GRV	0.013	3,953,220	50,119	6,711	0	56,830	60,000	0	0	60,000	49,150
Cockburn Coast Maintenance	GRV	0.013	1,655,420	20,987	3,771	0	24,758	30,000	0	0	30,000	19,216
Specified Area Rates - Bibra Lake Sewer Stage 1	GRV	0.020	3,169,408	64,035	0	0	64,035	65,000	0	0	65,000	64,036
			41,555,768	550,697	36,274	0	586,971	595,000	0	0	595,000	531,685

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	2019/20	2019/20	2019/20	2019/20	2019/20	2019/20
			Actual Rate Applied to Costs	Actual Rate Set Aside to Reserve	Actual Reserve Applied to Costs	Revised Budget Rate Applied to Costs	Revised Budget Rate Set Aside to Reserve	Revised Budget Reserve Applied to Costs
Port Coogee Special Maintenance	Specialised maintenance of the Port Coogee Development scheme	Properties in the Port Coogee locality which are connected to the scheme.	283,725	157,623	0	206,833	193,167	206,320
Port Coogee Waterways	Specialised maintenance of the Port Coogee waterways and associated infrastructure assets	Properties in the Port Coogee locality which are connected with the waterways.	50,000	6,830	0	0	60,000	0



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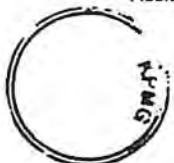
28. RATING INFORMATION (Continued)

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	2019/20 Actual Rate Applied to Costs \$	2019/20 Actual Rate Set Aside to Reserve \$	2019/20 Actual Reserve Applied to Costs \$	2019/20 Revised Budget Rate Applied to Costs \$	2019/20 Revised Budget Rate Set Aside to Reserve \$	2019/20 Revised Budget Reserve Applied to Costs \$
Cockburn Coast Maintenance	Specilaised maintenance of parks and public areas (including custom street lighting) as per the standard agreed to between the City and the Developer.	Properties in the Cockburn Coast Development area.	16,558	8,200	0	8,887	21,113	0
Specified Area Rates - Bibra Lake Sewer Stage 1	Construction of the Bibra Lake Sewer Stage 1 sewerage works as Gazetted under the Health (Miscellaneous Provisions) Act 1911.	Properties within the Bibra Lake southern industrial area from Newton Street Wastewater Pumping Station, Spearwood to the City of Cockburn Operations Centre.	64,035	0	0	64,035	0	64,035
			414,318	172,653	0	279,755	274,280	270,355

(c) Discounts, Incentives, Concessions, & Write-offs
 Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$
Residential Improved	Concession	scaled	1,957,667	1,996,588	1,957,667	1,909,309
				1,996,588	1,957,667	1,909,309
Total discounts/concessions (Note 28(a))				1,996,588	1,957,667	1,909,309

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Residential Improved	High GRV residential property concession	To ensure year on year rates increases for all GRV residential improved properties do not exceed council's adopted annual increase	This concession is necessary as fixed waste and security charges were previously incorporated into general rates adversely impacting high GRV properties.



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28. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan	Instalment Plan	Unpaid Rates
		Admin Charge	Interest Rate	Interest Rate
		\$	%	%
Option One				
Single full payment	23/08/2019	0.00	0.00%	7.00%
Option Three				
First instalment	23/08/2019	0.00	3.50%	7.00%
Second instalment	25/10/2019	5.00	3.50%	7.00%
Third instalment	3/01/2020	5.00	3.50%	7.00%
Fourth instalment	6/03/2020	5.00	3.50%	7.00%
		2020 Actual	2020 Budget	2019 Actual
		\$	\$	\$
Interest on unpaid rates		212,276	200,000	246,497
Interest on unpaid ESL Levy		37,100	40,000	35,031
Interest on instalment plan		511,077	480,000	462,329
Charges on instalment plan		218,818	227,000	226,474
		979,271	947,000	970,331

As a result of the state of emergency which has arisen due to the COVID-19 pandemic, the City froze penalty interest on rates from 1 April 2020



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29. RATE SETTING STATEMENT INFORMATION

Note	2019/20	2019/20	2019/20	2018/19		
	(30 June 2020)	Budget (30 June 2020)	2019/20 (1 July 2019)	2018/19 (30 June 2019)		
	Carried Forward)	Carried Forward)	Brought Forward)	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	11(a)	(1,523,132)	0	(2,789,916)	(2,789,916)
	Less: Movement in liabilities associated with restricted cash		(2,158,287)	0	173,315	173,315
	Less: Interest Expense - Provision for Site Rehabilitation		0	0	(168,821)	(168,821)
	Less: Fair value adjustments to financial assets at fair value through profit and loss		42,668	0	(16,403)	(16,403)
	Movement in pensioner deferred rates (non-current)		(343,616)	0	(60,031)	(60,031)
	Movement in employee benefit provisions (non-current)		161,461	0	(91,101)	(91,101)
	Movement in other provisions (non-current)		(60,349)	0	(5,171,553)	(5,171,553)
	Add: Loss on disposal of assets	11(a)	259,197	590,592	973,437	973,437
	Add: Depreciation on non-current assets	11(b)	40,772,796	34,853,615	41,050,466	41,050,466
	Non cash amounts excluded from operating activities		37,150,738	35,444,207	33,899,393	33,899,393
(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	(149,783,094)	(127,822,154)	(142,586,242)	(142,586,242)
	Less: Current assets not expected to be received at end of year - Bonds and deposits		(884,565)	0	(2,441,341)	(2,441,341)
	Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings	18(a)	3,226,983	0	4,770,060	4,770,060
	- Financial assets - restricted - non current		951,228	1,000,000	1,000,894	1,000,894
	- Current portion of lease liabilities		421,881	0	0	0
	Total adjustments to net current assets		(146,067,567)	(126,822,154)	(139,256,629)	(139,256,629)
Net current assets used in the Rate Setting Statement						
	Total current assets		186,706,221	140,589,726	176,340,964	176,340,964
	Less: Total current liabilities		(28,467,604)	(13,754,801)	(29,848,151)	(29,848,151)
	Less: Total adjustments to net current assets		(146,067,567)	(126,822,154)	(139,256,629)	(139,256,629)
	Net current assets used in the Rate Setting Statement		12,171,050	12,771	7,236,184	7,236,184
(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards						
	Total current assets at 30 June 2019					176,340,964
	- Contract assets	32(a)				0
	Total current assets at 1 July 2019					176,340,964
	Total current liabilities at 30 June 2019					(29,848,151)
	Total current liabilities at 1 July 2019					(29,848,151)



**CITY OF COCKBURN
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FOR THE YEAR ENDED 30 JUNE 2020**

30. 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
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
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 committed credit lines and borrowing facilities

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

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The City's main objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers. Cash and investments are subject to interest rate risk – the risk that movements in interest rates could affect returns.

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	0.25%	5,133,910	0	5,133,910	0
Financial assets at amortised cost - term deposits	1.52%	169,400,000	169,400,000	0	0
2019					
Cash and cash equivalents	0.25%	7,586,674	0	7,586,674	0
Financial assets at amortised cost	2.68%	157,400,000	157,400,000	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*	51,339	75,867

* 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 significant interest rate risk in relation to borrowings.

Details of interest rates applicable to each borrowing may be found at Note 18(b).



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30. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives. Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

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.

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, there is no expected credit loss. Historical credit loss rates are adjusted if necessary to reflect current and forward-looking information on macroeconomic factors. Council carries out credit checks on most non-rate debtors and has made no provision for expected credit loss.

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



30. 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. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

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	12,209,903	0	0	12,209,903	15,351,658
Borrowings	3,905,043	6,171,527	10,000,000	20,076,570	19,398,510
Contract liabilities	713,380	10,647,525	4,879,629	16,240,534	16,240,534
Lease liabilities	421,881	344,141	0	766,022	766,022
	<u>17,250,207</u>	<u>17,163,193</u>	<u>14,879,629</u>	<u>49,293,029</u>	<u>51,756,724</u>
2019					
Payables	9,281,200	0	0	9,281,200	12,778,468
Borrowings	4,770,060	6,663,523	12,500,000	23,933,583	23,933,583
	<u>14,051,260</u>	<u>6,663,523</u>	<u>12,500,000</u>	<u>33,214,783</u>	<u>36,712,051</u>



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

31. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The land acquisition transaction for Cockburn Coast Oval settled on the 9 October 2020 between the City and Development WA for the contracted sum of \$9,433,304 (ex GST). A special condition contained in the Contract of Sale allows for the City to pay the outstanding purchase price up to 30 June 2026, which will be subject to annual CPI indexing and any applicable offset credits for monies payable by Development WA under the Developer Contribution Plan for Community Infrastructure (DCA 13).



**CITY OF COCKBURN
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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.

The City adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the City adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In applying AASB 15, under the specific transition provisions chosen, the City will not restate comparatives for prior reporting periods.

(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 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 30 June 2019	Adjustment	AASB 1058 carrying amount 01 July 2019
	\$	\$	\$
Contract liabilities - current			
Contract liabilities from transfers for recognisable non financial assets	16	0	(17,685,441)
Adjustment to retained surplus from adoption of AASB 1058	34(b)	(17,685,441)	

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.



CITY OF COCKBURN
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32. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

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.

		2020 \$	2020 \$
	Note	As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058
			Compared to AASB 118 and AASB 1004
Statement of Comprehensive Income			
Revenue			
Rates	28(a)	106,223,439	1,994,546
Operating grants, subsidies and contributions	2(a)	13,724,805	16,240,534
Fees and charges	2(a)	27,357,438	0
Non-operating grants, subsidies and contributions	2(a)	25,604,896	0
Net result		23,261,647	18,235,080
Statement of Financial Position			
Trade and other payables	15	15,351,658	(1,994,546)
Contract liabilities	16	16,240,534	(16,240,534)
Net assets		1,319,908,062	18,235,080
Statement of Changes in Equity			
Net result		23,261,647	18,235,080
Retained surplus		561,835,270	18,235,080
			41,496,727
			580,070,350

Refer to Note 2(a) 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 AASB16 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.

	Note	2020 \$
Operating lease commitments at 30 June 2019 applying AAS 117		1,466,927
Discount applied using incremental borrowing rate		(334,573)
Lease liability recognised as 1 July 2019 discounted using the City's various incremental borrowing rate as per Note 17	17(b)	1,132,354
Right-of-use assets recognised at 1 July 2019	12(a)	1,132,354

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.
- apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
- elect not to apply the requirements to leases for which the lease term ends within 12 months of the date of transition to AASB.
- elect not to apply the requirements to leases for which the underlying asset is of low value
- use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease



**CITY OF COCKBURN
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FOR THE YEAR ENDED 30 JUNE 2020**

33. PRIOR YEAR RESTATEMENT

During the year ended 30 June 2020, the following misstatement was identified relating to the prior year financial period. 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 Cash Flows for the year ended 30 June 2019 or Statement of Financial Position as at 1 July 2018, and is set out below:

- The fair value of Infrastructure - Roads was not correctly determined at 30 June 2019 due to an error in the determination of the revaluation increment for the year ended 30 June 2019. As a consequence, the City has determined that Infrastructure – Roads, net of accumulated depreciation, was understated by \$34,254,714 and that the revaluation increment recorded in other comprehensive income was understated for the year ended 30 June 2019 by \$34,254,714.

- As a result of this prior period restatement, the City's Asset Consumption Ratio increased from 0.69 to 0.71 for the year ended 30 June 2019

Statement of Financial Position (Extract)	30 June 2019 \$	Increase/ (Decrease) \$	30 June 2019 (Restated) \$
Infrastructure	795,402,490	34,254,714	829,657,204
Total non-current assets	1,159,370,144	34,254,714	1,193,624,858
Total assets	1,335,711,109	34,254,714	1,369,965,823
Net assets	1,250,682,172	34,254,714	1,284,936,886
Revaluation Surplus	(544,640,014)	(34,254,714)	(578,894,728)
Total equity	(1,250,682,172)	(34,254,714)	(1,284,936,886)

Statement of Comprehensive Income (Extract)	2019 \$	Increase/ (Decrease) \$	2019 (Restated) \$
Net result for the period	31,619,513	0	31,619,513
Changes in asset revaluation surplus	21,290,331	34,254,714	55,545,045
Total other comprehensive income for the period	21,290,331	34,254,714	55,545,045
Total comprehensive income for the period	52,909,844	34,254,714	87,164,558



**CITY OF COCKBURN
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FOR THE YEAR ENDED 30 JUNE 2020**

34. 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.

No adjustments were required to be made to the amounts recognised in the statement of financial position at the date of initial application

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			563,455,916
Adjustment to retained surplus from adoption of AASB 1058	32(a)	(17,685,441)	(17,685,441)
Retained surplus - 1 July 2019		(17,685,441)	545,770,475

There was no 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.



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

35. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2019	Amounts Received	Amounts Paid	30 June 2020
	\$	\$	\$	\$
Public Open Space Contributions	6,286,742	751,809	(663,950)	6,374,601
	6,286,742	751,809	(663,950)	6,374,601



**CITY OF COCKBURN
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FOR THE YEAR ENDED 30 JUNE 2020**

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.

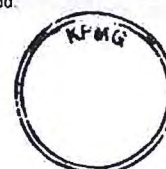
i) Impairment of assets

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.



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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

GOVERNANCE

The administration and operation of facilities and services to the elected members of Council. Also includes other corporate type costs that are not related to the specific service areas covered under the other programs.

GENERAL PURPOSE FUNDING

The collection of general-purpose revenue including rates and penalties, general-purpose grants and interest on investments. This provides the funding for much of the City's programs/activities.

LAW, ORDER, PUBLIC SAFETY

Provision of community safety services including supervision of various by-laws, animal and dog control, a security patrol service, fire prevention and voluntary emergency services.

HEALTH

The provision of environmental health services including food quality and pest control.

EDUCATION AND WELFARE

The provision of support services to families and children, the aged and disabled and senior citizens. The provision of pre- schools and services and facilities for the youth.

COMMUNITY AMENITIES

Refuse collection, recycling and disposal, the operation of the Henderson Landfill site, protection of the environment, administration of the town planning scheme and maintenance of bus shelters.

RECREATION AND CULTURE

The provision and operation of community halls and recreation centres, parks and ovals, beach reserves and swimming areas and library facilities. The development and provision of arts and cultural events.

TRANSPORT

This program includes road, drainage and footpath construction and maintenance. The provision and maintenance of streetscapes is also included, as is the purchase of heavy plant and the operations of the council works depot

ECONOMIC SERVICES

Activities associated with the control of building activity within the city and the provision of facilities and services that encourage tourism.

OTHER PROPERTY AND SERVICES

Includes private works and engineering overheads and plant operating costs (both of which are allocated to the City's works program).



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

38. FINANCIAL RATIOS


	2020	2019*	2018
	Actual	Restated Actual	Actual
Current ratio	1.13	0.97	1.33
Asset consumption ratio *	0.71	0.71	0.70
Asset renewal funding ratio	0.75	0.75	0.71
Asset sustainability ratio	0.71	0.46	0.74
Debt service cover ratio	8.25	8.72	5.53
Operating surplus ratio	(0.02)	0.01	(0.05)
Own source revenue coverage ratio	0.89	0.94	0.96

* Restated - refer note 33

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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$






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