

12.4 REPORT AND MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 7 DECEMBER 2023

- Attachments:**
1. **Audit Committee Minutes - 7 December 2023**
 2. **Audit Committee Attachments - Confidential**
 3. **Financial Statements for the year ended 30 June 2023**
 4. **Audit Interim Management Letter - Financial Audit - Confidential**
 5. **Audit Management Letter - Information Systems - Confidential**
 6. **Annual Financial Audit - Exit brief - Confidential**
 7. **Auditor's Opinion - for the year ended 30 June 2023**

RECOMMENDATION:**That Council:**

1. **RECEIVES** the minutes of the Audit Committee Meeting of 7 December 2023, as at Attachment 1;
2. **RECEIVES** the Auditor's management letters (Financial Audit and Information System Audit) and exit brief, prepared for the year ending 30 June 2023 at Attachment 3, 4 and 5;
3. **RECEIVES** the Audit Opinion for the year ended 30 June 2023 at Attachment 6;
4. **ADOPTS** the Audited Annual Financial Statements for the year ended 30 June 2023 at Attachment 2; and
5. **ENDORSES** the remaining recommendations contained within the Audit Committee minutes of 7 December 2023.

PURPOSE OF REPORT:

To report to Council the proceedings of the Audit Committee at its meeting held on 7 December 2023 in accordance with clause 2.21(1) of the City's Meeting Procedures Local Law 2008.

BACKGROUND:

The City's Audit Committee is a statutory committee of Council, established in accordance with Section 7.1A of the *Local Government Act 1995*. The role of the Audit Committee is to provide independent advice and assurance to Council over the City's risk management, internal controls, legislative compliance and financial management.

The Audit Committee meets approximately every three months and comprises of up to three external independent members (one of which is the Audit Committee Chair) and four Elected Members.

DETAILS:

The Chairperson managed the order of agenda items for discussion for the convenience of the meeting and visiting representatives of the Officer of the Auditor General.

6.1 Review of the Audit Committee Terms of Reference

Discussion took place around the proposed new Terms of Reference and an amendment was proposed to update the wording around the quorum.

6.2 Audit Committee Meeting Dates – 2024

The proposed dates for 2024 were discussed, and it was agreed that the in camera session would be held at 4pm, for 15 minutes, followed by the meeting.

6.3 Audit Committee – Forward Agenda 2023

The forward agenda was discussed.

6.4 Review of Risk Appetite and Tolerance Statements and Alignment of Corporate Risks

The risk appetite and tolerance statements were discussed.

6.5 Audited Financial Statements and Management letters for year ended 30 June 2023

Representatives from the Office of the Auditor General presented the Audit Exit Brief as included in attachment 5 and outlined matters arising from the audit of the Annual Financial Statements to 30 June 2023. The Financial Statements and Audit Opinion have been signed by the OAG and are **Attachment 2** and **Attachment 6**.

5.8 Review of the City's Audit Log

The audit log was discussed.

CONSULTATION/ADVERTISING:

Nil.

LEGAL/POLICY:

Clause 2.21 of the City's Meeting Procedures Local Law 2008 states that the reports and minutes of a Committee meeting are to be provided to Council.

The Audit Committee Terms of Reference govern the functions, powers and membership of the Audit Committee.

RISK MANAGEMENT IMPLICATIONS:

Low: It is low risk for Council to consider the report and minutes of the Audit Committee meeting on 7 December 2023.

STRATEGIC IMPLICATIONS:

This is in keeping with the City's *Strategic Community Plan 2018-2028*:

Innovative and Accountable

Our resources and assets are planned and managed in an efficient and sustainable manner.

We are open and accountable to an engaged community.

SUSTAINABILITY IMPLICATIONS:

This does not contribute to any environmental sustainability outcomes. This action/activity is environmentally neutral.

PUBLIC HEALTH IMPLICATIONS:

There are no implications to the priority health outcomes of the City's Public Health Plan 2020-2025.

FINANCIAL/BUDGET IMPLICATIONS:

Nil.



CITY OF VINCENT

MINUTES

Audit Committee

7 December 2023

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AUDIT COMMITTEE MINUTES

7 DECEMBER 2023

**MINUTES OF CITY OF VINCENT
AUDIT COMMITTEE
HELD AS E-MEETING AND ADMINISTRATION AND CIVIC CENTRE
244 VINCENT STREET, LEEDERVILLE
ON THURSDAY, 7 DECEMBER 2023 AT 4.00PM**

PRESENT:	<p>Cr George Araj</p> <p>Cr Ron Alexander Mr Baptiste Isambert Mayor Alison Xamon Cr Alex Castle Cr Jonathan Hallett</p>	<p>Independent External Member (Chair from Item 2) North Ward</p> <p>Independent External Member Mayor North Ward South Ward</p>
IN ATTENDANCE:	<p>David MacLennan Rhys Taylor Peter Varris Peter Ferguson</p> <p>Main Bhuiyan Mark Ambrose</p> <p>Danielle England</p> <p>Paul Tilbrook</p> <p>Wendy Barnard</p>	<p>Chief Executive Officer Chief Financial Officer A/Chief Audit Executive Executive Director Information and Communication Technology (left at 4.52pm during Item 6.5) Financial Controller Senior Director, Financial Audit, OAG (from 4.32pm Item 6.5 only)</p> <p>Audit Manager, Financial Audit, OAG (from 4.32pm Item 6.5 only)</p> <p>Associate Director Information Systems, OAG (from 4.32pm Item 6.5 only) Council Liaison Officer</p>

1 INTRODUCTION AND WELCOME

In accordance with Clause 3 of Schedule 2.3 of the *Local Government Act 1995*, the Chief Executive Officer is to preside at the meeting until the office of Presiding Member is filled.

The Presiding Member, David MacLennan, declared the meeting open at 4.03pm and read the following Acknowledgement of Country statement:

"The City of Vincent would like to acknowledge the Traditional Owners of the land, the Whadjuk people of the Noongar nation and pay our respects to Elders past, present and emerging".

The CEO asked the OAG representatives to leave the meeting while the internal business was conducted.

AUDIT COMMITTEE MINUTES

7 DECEMBER 2023

1A ELECTION OF AUDIT COMMITTEE CHAIRPERSON AND DEPUTY CHAIRPERSON

The CEO called for nominations for Chairperson of the City of Vincent Audit Committee. Mr Araj confirmed his nomination for the position.

COMMITTEE DECISION

Moved: Mr Isambert, Seconded: Mr Araj

That Mr Araj is appointed Chairperson of the Audit Committee.

CARRIED UNANIMOUSLY (8-0)

The CEO called for nominations for a Deputy Chairperson from the Elected Members on the Committee. Mayor Xamon nominated Cr Alexander.

COMMITTEE DECISION

Moved: Mayor Xamon, Seconded: Cr Hallett

That Cr Alexander be appointed Deputy Chairperson of the Audit Committee.

CARRIED UNANIMOUSLY (8-0)

George Araj, having been appointed as Chairperson, took the Chair. The new members introduced themselves.

2 APOLOGIES / MEMBERS ON APPROVED LEAVE OF ABSENCE

Conley Manifis is an apology for this meeting.

3 DECLARATIONS OF INTEREST

Baptiste Isambert declared an impartiality interest. The extent of his interest is that his company is contracted by the Office of the Auditor General.

4 IN CAMERA SESSION

Discussion took place around when this session should be held. It was agreed that a 15 minute session will be held starting at 4pm, after which the meeting will start.

AUDIT COMMITTEE MINUTES

7 DECEMBER 2023

5 CONFIRMATION OF MINUTES

COMMITTEE DECISION

Moved: Cr Alexander, Seconded: Cr Castle

That the minutes of the Audit Committee held on 18 October 2023 be confirmed.

CARRIED (6-0)

For: Cr Alexander, Cr Araj, Mr Isambert, Cr Castle, Cr Hallett and Mayor Xamon



Against: Nil

(Mr Manifis was an apology for the Meeting.)

AUDIT COMMITTEE MINUTES

7 DECEMBER 2023

6 BUSINESS ARISING**6.1 REVIEW OF AUDIT COMMITTEE TERMS OF REFERENCE**

- Attachments: 1. Audit Committee Terms of Reference (clean copy) 
2. Audit Committee Terms of Reference (marked up) 

RECOMMENDATION:

That the Audit Committee recommends to Council that it:

1. APPROVES the:
 - 1.1 amendments to the Audit Committee Terms of Reference as at Attachment 1; and
 - 1.2 name change of the Audit Committee to Audit and Risk Committee.

Moved: Mr Isambert, **Seconded:** Cr Alexander

That the recommendation be adopted.

AMENDMENT

Moved: Cr Castle, **Seconded:** Cr Hallett

That the recommendation be amended as follows:

That the Audit Committee recommends to Council that it:

1. APPROVES the:
 - 1.1 amendments to the Audit Committee Terms of Reference as at Attachment 1 **subject to the following amendment: A quorum will consist of a simple majority of committee members be in accordance with section 5.19(1) of the Local Government Act 1995 which is at least 50% of the number of offices (whether vacant or not) of members of the committee and will include, where possible, at least one external independent member. The quorum must be in place at all times during the meeting.; and**
 - 1.2 name change of the Audit Committee to Audit and Risk Committee.

COMMITTEE DECISION ITEM 6.1

1. APPROVES the:
 - 1.1 amendments to the Audit Committee Terms of Reference as at Attachment 1 subject to the following amendment: *A quorum will be in accordance with section 5.19(1) of the Local Government Act 1995 which is at least 50% of the number of offices (whether vacant or not) of members of the committee and will include, where possible, at least one external independent member. The quorum must be in place at all times during the meeting.*; and
 - 1.2 name change of the Audit Committee to Audit and Risk Committee.

CARRIED (6-0)

For: Cr Alexander, Cr Araj, Mr Isambert, Cr Castle, Cr Hallett and Mayor Xamon

Against: Nil

(Mr Manifis was an apology for the Meeting.)

AUDIT COMMITTEE MINUTES



7 DECEMBER 2023

As the OAG representatives were present, the Chair decided that this item be discussed next.

At 4.32pm the OAG representatives rejoined the meeting and presented information from the audit. Committee members asked questions which were answered.

At 4.32pm Baptiste Isambert left the room due to his declared interest.

6.5 AUDITED FINANCIAL STATEMENTS AND MANAGEMENT LETTERS FOR YEAR ENDED 30 JUNE 2023

- Attachments:**
1. **Audit Interim Management Letter - Financial Audit - Confidential**
 2. **Audit Management Letter - Information Systems - Confidential**
 3. **Annual Financial Audit - Exit brief - Confidential**
 4. **Auditor's Opinion - for the year ended 30 June 2023** 
 5. **Financial Statements as at 30 June 2023** 

RECOMMENDATION:

That the Audit Committee:

1. **RECEIVES** the Auditor's management letters (Financial Audit and Information System Audit) and exit brief, prepared for the year ended 30 June 2023 at Attachments 1, 2 and 3; and
2. **RECEIVES** the Audit Opinion (unsigned) for the year ended 30 June 2023 at Attachment 4; and
3. **RECEIVES** the Audited Annual Financial Statements for the year ended 30 June 2023 at Attachment 5; and
4. **RECOMMENDS** to Council the adoption of the Audited Annual Financial Statements for the year ended 30 June 2023.

COMMITTEE DECISION ITEM 6.5

Moved: Cr Hallett, **Seconded:** Cr Castle

That the recommendation be adopted.

CARRIED (5-0)

For: Cr Alexander, Cr Araj, Cr Castle, Cr Hallett and Mayor Xamon

Against: Nil

(Mr Manifis was an apology for the Meeting.)

(Mr Isambert was absent from the Council Chamber and did not vote.)

At 4.52pm Executive Director Information and Communication Technology left the meeting and did not return.


At 5.05pm the OAG representatives left the meeting did not return.

At 5.06pm Baptiste Isambert returned to the meeting.

AUDIT COMMITTEE MINUTES

7 DECEMBER 2023

6.2 AUDIT COMMITTEE MEETING DATES 2024

Attachments: 1. Proposed Audit Committee Dates 2024 

RECOMMENDATION:

That the Audit Committee ADOPTS the meeting schedule for 2024 as follows:

Date	Time
Thursday 29 February 2024	4.00pm
Thursday 27 June 2024	4.00pm
Thursday 10 October 2024	4.00pm
Thursday 28 November 2024	4.00pm

COMMITTEE DECISION ITEM 6.2

Moved: Mayor Xamon, Seconded: Cr Castle

That the recommendation be adopted.

CARRIED (6-0)

For: Cr Alexander, Cr Araj, Mr Isambert, Cr Castle, Cr Hallett and Mayor Xamon

Against: Nil

(Mr Manifis was an apology for the Meeting.)

AUDIT COMMITTEE MINUTES**7 DECEMBER 2023****6.3 AUDIT COMMITTEE - FORWARD AGENDA 2023****Attachments:** 1. **Audit Committee Forward Agenda 2023** **RECOMMENDATION:**

That the Audit Committee recommends to Council that it NOTES the Audit Committee Forward Agenda at Attachment 1.

COMMITTEE DECISION ITEM 6.3**Moved:** Cr Hallett, **Seconded:** Cr Alexander

That the recommendation be adopted.






CARRIED (6-0)**For:** Cr Alexander, Cr Araj, Mr Isambert, Cr Castle, Cr Hallett and Mayor Xamon**Against:** Nil**(Mr Manifis was an apology for the Meeting.)**

NOTE: The Committee requested that ICT present on the progress of actions to mitigate OAG findings and to also prepare the City for self assessment, in 2024, against the Australian Signals Directorate's Essential Eight controls.

AUDIT COMMITTEE MINUTES

7 DECEMBER 2023

6.4 REVIEW OF RISK APPETITE AND TOLERANCE STATEMENTS AND ALIGNMENT OF CORPORATE RISKS

- Attachments:
1. Corporate Risk Register 2023 
 2. Risk Management Procedure 
 3. Risk Appetite and Tolerance Statements (tracked changes) 
 4. Risk Appetite and Tolerance Statements (updated) 
 5. Risk Rating Alignment to Appetite and Tolerance 

RECOMMENDATION:

That the Audit Committee recommends to Council that it:

1. RECEIVES the City's Corporate Risk Register at Attachment 1; and
2. APPROVES:
 - 2.1 the risk management actions for the high and extreme risks;
 - 2.2 alignment of Corporate Risks to the risk appetite and tolerance ratings; and
 - 2.3 the updated Risk Appetite and Tolerance Statements at Attachment 4

COMMITTEE DECISION ITEM 6.4

Moved: Mayor Xamon, Seconded: Mr Isambert

That the recommendation be adopted.

CARRIED (6-0)

For: Cr Alexander, Cr Araj, Mr Isambert, Cr Castle, Cr Hallett and Mayor Xamon

Against: Nil

(Mr Manifis was an apology for the Meeting.)

(Cr Wallace was absent from the Council Chamber and did not vote.)

NOTE: Business continuity plan testing is to be scheduled.

AUDIT COMMITTEE MINUTES**7 DECEMBER 2023****6.6 REVIEW OF THE CITY'S AUDIT LOG**

- Attachments:
1. Audit Log as at 10 October 2023 (from previous meeting) 
 2. Internal Audit Log as at 10 October 2023 (from previous meeting) - Confidential
 3. Audit Log as at 23 November 2023 
 4. Internal Audit Log as at 23 November 2023 - Confidential

RECOMMENDATION:

That the Audit Committee recommends to Council that it:

1. NOTES the status of the City's Audit Logs at Attachments 1 and 2; and
2. APPROVES proposed completion dates as specified at Attachments 1 and 2.

COMMITTEE DECISION ITEM 6.6

Moved: Cr Hallett, **Seconded:** Cr Castle

That the recommendation be adopted.

CARRIED (6-0)

For: Cr Alexander, Cr Araj, Mr Isambert, Cr Castle, Cr Hallett and Mayor Xamon

Against: Nil

(Mr Manifis was an apology for the Meeting.)

AUDIT COMMITTEE MINUTES**7 DECEMBER 2023****7 GENERAL BUSINESS****7.1 Use of Assets**

In response to a request in the 18 October 2023 meeting for the sample of the vehicle forms not completed to be followed up by HR, the following information is provided.

Vehicle Authorisation Forms**Samples**

L Buonomo – Started 03/01/2002
A Bradshaw – Started 06/02/2012
S Taylor – Started 13/03/2017
M Stojanoski – Started 23/05/1995 (provided)
B Bevan – Started 19/03/2023 (provided)

The City has been able to find two out of the 5 vehicle authorisation forms. However, you will find above that many of the sampled employees have been at the City of 10 years or more. The City has substantially improved vehicle authorisation processes in the last four years.

Ghost Employees – Process for Eliminating the Risk

To eliminate the risk of 'ghost employees', the Payroll Services team have put in place the following:

1. Payroll Services team (2 payroll team) will both review pay processing against current employee listing to ensure those employed at that pay period are confirmed employees.
2. Both payroll team members (and HR Support Officer on an Adhoc basis) alternate responsibilities (posting journal, superannuation, updating pay codes/classifications) and portfolios.
3. Payroll Services team ensure new and terminated employees are updated each fortnight to ensure 'current' employee listing is up to date.
4. Payroll Services will investigate any 'employee' with low to no tax deductions through which can be identified in the Final Pay Edit Listing Report to check pays before posting.
5. Review any bank account changes against 'Change Bank Details Form' each fortnight to confirm change request by the employee.
6. Multiple employees (X 2 payroll members, Executive Manager HR, Chief Financial Officer and Financial Controller) all review and approve pays each fortnight.

Due to the new timesheeting system, all employees are required to complete a timesheet which is linked to pay. This would reduce the risk substantially for ghost employees to be paid.

8 NEXT MEETING

29 February 2024

9 CLOSURE

There being no further business the meeting closed at 5.32pm.

These Minutes were confirmed at the 29 February 2024] meeting of the Audit Committee as a true and accurate record of the Audit Committee meeting held on 7 December 2023

Signed: Mr George Araj

Dated

City of Vincent

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023



City of Vincent

Financial Statements 2023

General Purpose Financial Statements
for the year ended 30 June 2023

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Content Overview

The City of Vincent conducts the operations of a local government with the following community vision:

To be a clever, creative and courageous local government.

Principal place of business:
244 Vincent Street (cnr Loftus Street)
Leederville, Western Australia, 6007



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City of Vincent

Financial Statements 2023

General Purpose Financial Statements
for the year ended 30 June 2023

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

Statement by Chief Executive Officer

The accompanying financial report of the City of Vincent have been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the 08 day of December 2023



Chief Executive Officer

David MacLennan



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City of Vincent

Financial Statements 2023

Statement of Comprehensive Income
for the year ended 30 June 2023

	Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
Revenue				
Rates	27,2a	40,162,113	39,910,329	36,824,729
Grants, subsidies and contributions	2a	2,084,168	1,067,601	1,887,483
Fees and charges	2a	23,293,766	21,055,384	19,038,250
Interest revenue	2a	1,683,841	508,000	502,706
Other revenue	2a	1,505,709	1,139,329	1,472,025
		<u>68,729,597</u>	<u>63,680,643</u>	<u>59,725,193</u>
Expenses				
Employee costs	2b	28,271,968	28,802,780	27,833,670
Materials and contracts		21,363,272	21,707,562	27,197,267
Utility charges		1,884,194	1,800,499	1,868,088
Depreciation	10a	11,912,706	12,865,818	11,802,017
Finance costs	2b	545,351	540,835	549,758
Insurance		673,452	647,958	595,012
Other expenditure		1,435,609	1,101,844	1,707,779
		<u>66,086,552</u>	<u>67,467,296</u>	<u>71,553,591</u>
		<u>2,643,045</u>	<u>(3,786,653)</u>	<u>(11,828,398)</u>
Capital grants, subsidies and contributions	2a	1,724,603	3,440,577	2,394,594
Profit on asset disposals		188,773	729,188	140,764
Loss on asset disposals		(744,436)	(516,540)	(131,240)
Share of net profit of associates accounted for using the equity method	22	519,536	–	7,288,446
Revaluation of infrastructure	9a	(4,389,396)	–	–
Profit/(Loss) from sale of Tamala Park Land		978,043	1,848,288	787,429
Change in Equity Local Govt House Trust		1,843	–	1,999
Profit/(Loss) from sale of shares		2,750	–	–
		<u>(1,718,284)</u>	<u>5,501,513</u>	<u>10,481,992</u>
Net result for the period	26a	<u>924,761</u>	<u>1,714,860</u>	<u>(1,346,406)</u>
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	17	11,856,050	–	3,340,771
Total other comprehensive income for the period	17	<u>11,856,050</u>	<u>–</u>	<u>3,340,771</u>
Total comprehensive income for the period		<u>12,780,811</u>	<u>1,714,860</u>	<u>1,994,365</u>

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



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City of Vincent

Financial Statements 2023

Statement of Financial Position
as at 30 June 2023

	Note	2023 Actual \$	2022 Actual \$
Assets			
Current assets			
Cash and cash equivalents	3	15,330,270	7,585,863
Trade and other receivables	5	3,393,910	2,876,075
Other financial assets	4a	17,140,000	18,511,000
Inventories	6	1,331,138	1,404,305
Other assets	7a	1,389,404	985,826
Assets classified as held for sale	7b	843,000	–
Total current assets		39,427,722	31,363,069
Non-current assets			
Trade and other receivables	5	1,931,326	1,870,712
Other financial assets	4b	40,745	38,902
Inventories	6	41,986	47,017
Investment in associate	22	14,962,895	14,211,418
Property, plant and equipment	8	251,184,398	220,825,236
Infrastructure	9	147,996,166	175,576,047
Right of use assets	11a	–	90,002
Intangible assets	12	127,197	47,370
Other assets	7a	889,298	1,051,797
Total non-current assets		417,174,011	413,758,501
Total assets	26b	456,601,733	445,121,570
Liabilities			
Current liabilities			
Trade and other payables	13	6,921,787	7,193,461
Other liabilities	14	1,669,040	2,027,361
Lease liabilities	11b	–	70,601
Borrowings	15	1,585,417	1,424,524
Employee related provisions	16	5,525,851	5,488,100
Total current liabilities		15,702,095	16,204,047
Non-current liabilities			
Borrowings	15	11,475,705	12,310,595
Employee related provisions	16	538,130	501,936
Total non-current liabilities		12,013,835	12,812,531
Total liabilities		27,715,930	29,016,578
Net assets		428,885,803	416,104,992
Equity			
Retained surplus		110,933,953	115,501,376
Reserve accounts	30	17,193,645	11,701,461
Revaluation surplus	17	300,758,205	288,902,155
Total equity		428,885,803	416,104,992

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



City of Vincent

Financial Statements 2023

Statement of Changes in Equity

for the year ended 30 June 2023

	Note	Retained Surplus \$	Reserve Accounts \$	Revaluation Surplus \$	Total Equity \$
Balance as at 1 July 2021		116,617,783	11,931,460	285,561,384	414,110,627
Comprehensive income for the period					
Net result for the period		(1,346,406)	–	–	(1,346,406)
Increase/(decrease) in asset revaluation surplus	17	–	–	3,340,771	3,340,771
Total comprehensive income for the period		(1,346,406)	–	3,340,771	1,994,365
Transfers from reserve accounts	30	3,515,319	(3,515,319)	–	–
Transfers to reserve accounts	30	(3,285,320)	3,285,320	–	–
Balance as at 30 June 2022		115,501,376	11,701,461	288,902,155	416,104,992
Balance as at 1 July 2022		115,501,376	11,701,461	288,902,155	416,104,992
Comprehensive income for the period					
Net result for the period		924,761	–	–	924,761
Increase/(decrease) in asset revaluation surplus	17	–	–	11,856,050	11,856,050
Total comprehensive income for the period		924,761	–	11,856,050	12,780,811
Transfers from reserve accounts	30	2,139,142	(2,139,142)	–	–
Transfers to reserve accounts	30	(7,631,326)	7,631,326	–	–
Balance as at 30 June 2023		110,933,953	17,193,645	300,758,205	428,885,803

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



City of Vincent

Financial Statements 2023

Statement of Cash Flows
for the year ended 30 June 2023

Notes	Actual 2023 \$	Budget 2023 \$	Actual 2022 \$
Cash flows from operating activities			
Receipts			
Rates	40,230,993	39,910,329	37,284,569
Operating grants, subsidies and contributions	2,084,168	972,546	2,233,536
Fees and charges	23,186,841	21,055,384	19,074,357
Interest revenue	1,683,841	508,000	502,706
Goods and services tax received	2,941,746	-	1,717,494
Other revenue	1,448,570	1,139,329	1,472,025
Total receipts	71,576,159	63,585,588	62,284,687
Payments			
Employee costs	(28,198,023)	(28,402,780)	(27,339,270)
Materials and contracts	(21,722,945)	(21,523,101)	(28,782,609)
Utility charges	(1,884,194)	(1,790,499)	(1,868,088)
Finance costs	(545,351)	(540,835)	(549,758)
Insurance paid	(673,452)	(647,958)	(595,012)
Goods and services tax paid	(3,498,049)	-	(1,528,890)
Other expenditure	(1,435,609)	(1,086,844)	(1,707,779)
Total payments	(57,957,623)	(53,992,017)	(62,371,406)
Net cash provided by (used in) operating activities	13,618,536	9,593,571	(86,719)
Cash flows from investing activities			
Payments for financial assets at amortised cost	1,360,000	-	522,321
Payments for purchase of property, plant & equipment	(4,986,406)	(11,378,268)	(3,651,218)
Payments for construction of infrastructure	(4,916,576)	(9,106,260)	(5,368,954)
Payments for intangible assets	-	-	(60,035)
Capital grants, subsidies and contributions	1,473,209	3,440,577	2,394,594
Proceeds from sale of property, plant & equipment	283,215	1,948,000	442,523
Proceeds from distributions from associates	1,666,668	1,666,666	833,334
Proceeds from the sale of shares	13,750	-	-
Net cash provided by (used in) investing activities	(5,106,140)	(13,429,285)	(4,887,435)
Cash flows from financing activities			
Repayment of borrowings	(1,501,876)	(1,501,877)	(1,265,178)
Payments for principal portion of lease liabilities	(93,992)	(70,602)	(92,839)
Proceeds from new borrowings	827,879	827,879	7,083,333
Net cash flow provided by (used in) financing activities	(767,989)	(744,600)	5,725,316
Net increase/(decrease) in cash held	7,744,407	(4,580,314)	751,162
Cash at beginning of year	7,585,863	5,692,588	6,834,701
Cash and cash equivalents at the end of the year	15,330,270	1,112,274	7,585,863

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



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Financial Statements 2023

Statement of Financial Activity
for the year ended 30 June 2023

	Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
Rates	27	40,162,113	39,910,329	36,824,729
Grants, subsidies and contributions		2,084,168	1,067,601	1,887,483
Fees and charges		23,293,766	21,055,384	19,038,250
Interest revenue		1,683,841	508,000	502,706
Other revenue		1,505,709	1,139,329	1,472,025
Profit on asset disposals		188,773	729,188	140,764
Share of net profit of associates accounted for using the equity method	22	1,499,422	1,848,288	8,077,874
		70,417,792	66,258,119	67,943,831
Expenditure from operating activities				
Employee costs		28,271,968	28,802,780	27,833,670
Materials and contracts		21,363,272	21,707,562	27,197,267
Utility charges		1,884,194	1,800,499	1,868,088
Depreciation		11,912,706	12,865,818	11,802,017
Finance costs		545,351	540,835	549,758
Insurance		673,452	647,958	595,012
Other expenditure		1,435,609	1,101,844	1,707,779
Loss on asset disposals		744,436	516,540	131,240
Loss on revaluation of non-current assets		4,389,396	–	–
		71,220,384	67,983,836	71,684,831
Non-cash amounts excluded from operating activities	28	15,476,813	10,804,882	3,747,058
Amount attributable to operating activities		14,674,221	9,079,165	6,058
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		1,473,209	3,440,577	2,394,594
Proceeds from disposal of assets		283,215	1,948,000	442,523
Distributions from investments in associates	22	1,666,668	1,666,666	833,334
Proceeds from sale of shares		13,750	–	–
		3,436,842	7,055,243	3,670,451
Outflows from investing activities				
Purchase of property, plant and equipment	8a	(4,986,406)	(11,378,268)	(3,651,218)
Purchase and construction of infrastructure	9a	(4,916,576)	(9,106,260)	(5,368,952)
Payments for intangible assets	12	–	–	(60,035)
		(9,902,982)	(20,484,528)	(9,080,205)
Non-cash amounts excluded from investing activities	28	425,955	–	–
Amount attributable to investing activities		(6,040,185)	(13,429,285)	(5,409,754)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	29a	827,879	827,879	7,083,333
Transfers from reserve accounts	30	2,139,142	5,240,858	3,515,319
		2,967,021	6,068,737	10,598,652
Outflows from financing activities				
Repayment of borrowings	29a	(1,501,876)	(1,501,877)	(1,265,178)
Payments for principal portion of lease liabilities	29d	(93,992)	(70,602)	(92,839)
Transfers to reserves (restricted assets)	30	(7,631,326)	(5,646,083)	(3,285,320)
		(9,227,194)	(7,218,562)	(4,643,337)
Amount attributable to financing activities		(6,260,173)	(1,149,825)	5,955,315
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	28	6,676,946	5,657,084	6,125,328
Amount attributable to operating activities		14,674,221	9,079,166	6,058
Amount attributable to investing activities		(6,040,185)	(13,429,285)	(5,409,754)
Amount attributable to financing activities		(6,260,173)	(1,149,825)	5,955,315

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City of Vincent

Financial Statements 2023

Statement of Financial Activity (continued)
for the year ended 30 June 2023

	Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
Surplus/(deficit) after imposition of general rates	28	9,050,809	157,140	6,676,946

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



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Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

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Notes to the Financial Statements

for the year ended 30 June 2023

Note 1. Basis of preparation

The financial report comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero-cost concessionary lease. All right-of-use assets under zero-cost concessionary leases are measured at zero-cost rather than at fair value, except for 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 financial 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.

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.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 31 to these financial statements.

Judgements and 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 balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, infrastructure and investment property

- estimation uncertainties made in relation to lease accounting
- estimated useful life of intangible assets

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

The following new accounting standards will have application to local government in future years:

- *AASB 2020-3 Amendments to Australian Accounting Standards -Annual Improvements 2018-2020 and Other Amendments*
- *AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*
- *AASB 2021-7a Amendments to Australian Accounting Standards- Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]*
- *AASB 2022-3 Amendments to Australian Accounting Standards -Illustrative Examples for Not-for-Profit Entities accompanying AASB 15*

These amendments have no material impact on the current annual financial report.

New accounting standards for application in future years

The following new accounting standards will have application to local government in future years:

- *AASB 2014-10 Amendments to Australian Accounting Standards-Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- *AASB 2020-1 Amendments to Australian Accounting Standards -Classification of Liabilities as Current or Non-current*
- *AASB 2021-2 Amendments to Australian Accounting Standards -Disclosure of Accounting Policies or Definition of Accounting Estimates*
This standard will result in a terminology change for significant accounting policies
- *AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- *AASB 2022-5 Amendments to Australian Accounting Standards -Lease Liability in a Sale and Leaseback*
- *AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*
- *AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*
- *AASB 2022-10 Amendments to Australian Accounting Standards -Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*
The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 2. Revenue and expenses

(a) Revenue

Contracts with customers

Recognition of revenue is dependent 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	Timing of revenue recognition
Grants, subsidies and contributions - 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	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies and contributions -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	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies and contributions -Grants with no contractual commitments	General appropriations and contributions with no specific contractual commitments	No obligations	Not applicable	Not applicable	When assets are controlled
Fees and charges - Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	On payment and issue of the licence, registration or approval
Fees and charges - Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	After inspection complete based on a 4 year cycle
Fees and charges - Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Revenue recognised after inspection event occurs
Fees and charges - Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Output method based on regular weekly and fortnightly period as 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 trading terms if credit provided	None	On entry to facility

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City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 2. Revenue and expenses (continued)

(a) Revenue (continued)

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	On entry or at conclusion of hire
Fees and charges - Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Output method Over 12 months matched to access right
Fees and charges - Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Output method based on provision of service or completion of works
Fees and charges - Sale of stock	Beatty Park kiosk	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Output method based on goods
Fees and charges - Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	When assets are controlled
Fees and charges - Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	When claim is agreed

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

Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:

Nature	Contracts with customers Actual	Capital grant/ contributions Actual	Statutory Requirements Actual	Other Actual	Total Actual
For the year ended 30 June 2023					
Rates	-	-	40,162,113	-	40,162,113
Grants, subsidies and contributions	1,907,947	-	-	176,221	2,084,168
Fees and charges	9,924,150	-	11,928,616	1,441,000	23,293,766
Interest revenue	-	-	359,435	1,324,406	1,683,841
Other revenue	-	-	218,702	1,287,007	1,505,709
Capital grants, subsidies and contributions	-	1,546,965	-	177,638	1,724,603
Total	11,832,097	1,546,965	52,668,866	4,406,272	70,454,200
For the year ended 30 June 2022					
Rates	-	-	36,824,729	-	36,824,729
Grants, subsidies and contributions	1,680,642	-	-	206,841	1,887,483
Fees and charges	7,857,140	-	9,899,710	1,281,400	19,038,250
Interest revenue	-	-	323,447	179,259	502,706
Other revenue	-	-	136,149	1,335,876	1,472,025
Capital grants, subsidies and contributions	-	1,970,984	-	423,610	2,394,594
Total	9,537,782	1,970,984	47,184,035	3,426,986	62,119,787

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Financial Statements 2023

Notes to the Financial Statements
for the year ended 30 June 2023

Note 2. Revenue and expenses (continued)

(a) Revenue (continued)

	2023 Actual \$	2022 Actual \$
Interest revenue		
Rate instalment interest	207,925	183,366
Pensioner Deferred Interest	5,335	2,487
Rates penalty interest	146,175	135,107
Interest on reserve funds	497,011	80,469
Other interest earnings	827,395	101,277
Total interest earnings	1,683,841	502,706
Other revenue		
Other revenue		
Reimbursements and recoveries	1,212,290	1,400,454
Other revenue	293,419	71,571
	1,505,709	1,472,025

(b) Expenses

Employee costs

	2023 Actual \$	2022 Actual \$
Employee benefit costs	27,701,923	27,240,696
Other employee costs	570,045	592,974
Total employee costs	28,271,968	27,833,670
	2023 Actual \$	2022 Actual \$
	Note	

Auditors remuneration

- Audit of the annual financial report	107,800	106,300
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Finance costs

Borrowings	29a	544,704	547,957
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	29d	647	1,801
Total		545,351	549,758

City of Vincent

Financial Statements 2023

Notes to the Financial Statements
for the year ended 30 June 2023

Note 3. Cash and cash equivalents

	Note	2023 Actual \$	2022 Actual \$
Cash at bank and on hand		6,790,270	3,639,619
Term deposits		8,540,000	3,946,244
Total cash and cash equivalents	18a	15,330,270	7,585,863
Held as			
- Unrestricted cash and cash equivalents		6,776,625	5,585,863
- Restricted cash and cash equivalents	18a	8,553,645	2,000,000
Total		15,330,270	7,585,863

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.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interests.

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

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, 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 and for which no liability has been recognised.

City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 4. Other financial assets

	2023 Actual \$	2022 Actual \$
Note		
(a) Current assets		
Financial assets at fair value through profit or loss	–	11,000
Financial assets at amortised cost	17,140,000	18,500,000
Total current financial assets	17,140,000	18,511,000
Financial assets at fair value through profit or loss		
Shares in unlisted corporation: North Perth Community Financial Services Ltd	–	11,000
	–	11,000
Financial assets at amortised cost		
Term deposits	17,140,000	18,500,000
	17,140,000	18,500,000
Held as		
- Unrestricted other financial assets at amortised cost	8,500,000	8,798,539
- Restricted other financial assets at amortised cost	8,640,000	9,712,461
Total	17,140,000	18,511,000

(b) Non current assets

Financial assets at fair value through profit or loss	40,745	38,902
Total non-current financial assets	40,745	38,902
Financial assets at fair value through profit or loss		
Investment in Local Government House Trust - opening balance	38,902	36,903
Movement attributable to fair value increment	1,843	1,999
Investment in Local Government House Trust - closing balance	40,745	38,902

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 29(a) as self supporting loans. Fair value of financial assets at fair value through profit and loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 25 (i)) due to the observable market rates.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

Financial assets at fair value through profit or loss

The City has elected to classify the following financial assets at fair value through profit or loss:

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

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City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 4. Other financial assets (continued)

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 23.

Note 5. Trade and other receivables

	Note	2023 Actual \$	2022 Actual \$
Current			
Rates outstanding		752,833	773,811
Sundry debtors		771,063	828,036
GST receivable		835,032	278,729
Receivables for employee related provisions	16	191,032	157,465
Allowance for impairment of receivables		(207,793)	(218,023)
Infringement Debtor		1,350,520	1,275,603
Infringement Debtor impairment allowance		(298,777)	(219,546)
		<u>3,393,910</u>	<u>2,876,075</u>
Non-current			
Rates outstanding		405,372	356,996
Rates outstanding - pensioners		131,383	145,398
Infringement Debtor		1,625,260	1,530,743
Infringement Debtor Impairment allowance		(302,391)	(237,326)
Receivables for employee related provisions	16	71,702	74,901
		<u>1,931,326</u>	<u>1,870,712</u>

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under the factoring arrangement, the City of Vincent has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables, late payment and credit risk has been remained with the City of Vincent, therefore the City continues to recognise the transferred assets in their entirety. The amount repayable under the factoring arrangement is presented as a secured borrowing as other loans at Note 15. The City considers that the held to collect business model remains appropriate for these receivables and continues measuring them at amortised cost.

SIGNIFICANT ACCOUNTING POLICIES**Rates and statutory receivables**

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade and other receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations as part of the ordinary course of business.

Other Receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers including grants for the construction of recognisable non financial assets.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

Classification and subsequent measurement

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City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 5. Trade and other receivables (continued)

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the City 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.

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 23.

Note 6. Inventories

	2023 Actual \$	2022 Actual \$
Current		
Depot	119,643	124,554
Beatty Park Leisure Centre	67,978	75,475
Tamala Park - Developed land and land under construction *	1,143,517	1,204,276
Total current inventories	1,331,138	1,404,305
Non-current		
Tamala Park - Land held for development *	41,986	47,017
Total non-current inventories	41,986	47,017

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.

Land held for resale

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Borrowing costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed onto the buyer at this point.

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

(*) The City recognised its share of Inventory (Tamala Park Land - Developed land and land under construction) based on its equity in Tamala Park Regional Council prospectively as at 30 June 2023.

City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 7. Other assets

	2023 Actual \$	2022 Actual \$
7a Other assets		
Other assets - current		
Deposits and Prepayments	632,217	484,401
Lease Incentives	162,500	162,500
Accrued Income	594,687	338,925
Total other assets - current	1,389,404	985,826
Other assets - non-current		
Lease Incentives	889,298	1,051,797
Total other assets - non-current	889,298	1,051,797

7b Non-current assets held for sale

Non-current assets held for sale - current		
Land	843,000	-
Total Non-current assets held for sale - current	843,000	-

Land classified as held for sale

During the year Council elected to dispose of vacant land on 25 Sydney Street, North Perth. The land was advertised, and multiple offers were received. The land has since settled in July 2023.

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.

Non-current assets held for sale

Assets are classified as held for sale where the carrying amount will be recovered through a sale rather than continuing use and the asset is available for immediate sale with a sale being highly probable.

Non-current assets classified as held for sale are valued at the lower of the carrying amount and fair value less costs to sell.

The fair value of land and buildings was determined using the sales comparison approach using comparable properties in the area. This is a level 2 measurement as per the fair value hierarchy set out in Note 25(i).

City of Vincent
Notes to the Financial Statements
 for the year ended 30 June 2023
Note 8. Property, plant and equipment

(a) Movements in balances

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

	Note	Land	Buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Property, Plant and Equipment - Work in Progress	Total property, plant and equipment
		\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021		135,808,000	77,586,750	213,394,750	499,131	4,831,420	2,948,416	221,673,717
Additions		-	1,019,726	1,019,726	18,306	447,196	2,165,990	3,651,218
Disposals		-	(13,758)	(13,758)	-	(413,341)	-	(427,099)
Revaluation increments / (decrements) transferred to revaluation surplus	17	1,662,415	-	1,662,415	-	-	-	1,662,415
Depreciation		-	(4,294,156)	(4,294,156)	(166,351)	(1,274,508)	-	(5,735,015)
Transfers	10a	-	268,417	268,417	20,558	24,432	(313,406)	1
Balance at 30 June 2022		137,470,415	74,566,979	212,037,394	371,644	3,615,199	4,801,000	220,825,237
Comprises:								
Gross balance amount at 30 June 2022		137,470,415	163,720,243	301,190,658	3,764,795	10,935,883	4,801,000	320,692,336
Accumulated depreciation at 30 June 2022		-	(89,153,264)	(89,153,264)	(3,393,151)	(7,320,684)	-	(99,867,099)
Balance at 30 June 2022		137,470,415	74,566,979	212,037,394	371,644	3,615,199	4,801,000	220,825,237
Balance at 1 July 2022		137,470,415	74,566,979	212,037,394	371,644	3,615,199	4,801,000	220,825,237
Additions		-	1,916,779	1,916,779	969,805	741,080	1,358,738	4,986,402
Disposals		-	(419,018)	(419,018)	(4,261)	(252,773)	-	(676,052)
Revaluation increments / (decrements) transferred to revaluation surplus	17	11,494,800	21,346,431	32,841,231	-	-	-	32,841,231
Assets classified as held for sale		(843,000)	-	(843,000)	-	-	-	(843,000)
Depreciation		-	(4,328,388)	(4,328,388)	(281,961)	(988,345)	-	(5,608,694)
Transfers	10a	-	3,824,835	3,824,835	325,071	6,050	(4,522,537)	(366,581)
Other Movements		-	-	-	25,855	-	-	25,855
Balance at 30 June 2023		148,122,215	96,907,618	245,029,833	1,406,153	3,111,211	1,637,201	251,184,398
Comprises:								
Gross balance amount at 30 June 2023		148,122,215	212,804,190	360,926,405	4,877,919	10,193,747	1,637,201	377,635,272
Accumulated depreciation at 30 June 2023		-	(115,896,572)	(115,896,572)	(3,471,766)	(7,082,536)	-	(126,450,874)
Balance at 30 June 2023		148,122,215	96,907,618	245,029,833	1,406,153	3,111,211	1,637,201	251,184,398

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City of Vincent

Notes to the Financial Statements

for the year ended 30 June 2023

Note 8. Property, plant and equipment (continued)

(b) Carrying value measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair value - Land and buildings					
Land	Level 2 & Level 3	Market and Cost Approach	Independent Valuation	June 2023	Sales evidence of similar assets, estimates of replacement cost, residual value.
Buildings - non-specialised	Level 2 & Level 3	Market and Cost Approach	Independent Valuation	June 2023	Estimates of useful life, pattern of consumption, asset condition, residual value and relationship to the assessed remaining service potential of the depreciable amount.
<p>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.</p> <p>During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.</p>					
(ii) Cost					
Furniture and equipment	N/A	Cost Approach	Not Applicable	N/A	N/A
Plant and equipment	N/A	Cost Approach	Not Applicable	N/A	N/A

City of Vincent
Notes to the Financial Statements
 for the year ended 30 June 2023
Note 9. Infrastructure

(a) Movements in balances

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

	Infrastructure roads	Infrastructure footpaths	Infrastructure Rights of Way Actual	Infrastructure drainage	Infrastructure Park Development		Car Park Development Actual	Infrastructure Assets	Other Infrastructure Assets	Infrastructure Work in Progress	Total Infrastructure
					Actual	\$					
Balance as at 1 July 2021	108,142,561	20,582,102	8,203,758	16,878,106	11,215,514	3,292,254	7,111,535	721,681	176,147,511		
Additions	2,374,888	161,545	110,781	67,716	232,181	93,807	1,172,529	1,155,505	5,368,952		
(Disposals)	-	-	-	-	-	-	(5,898)	-	(5,898)		
Depreciation	(3,100,493)	(732,455)	(208,754)	(241,159)	(836,920)	(243,746)	(570,989)	-	(5,934,516)		
Transfers	63,064	-	-	-	216,724	49,211	57,627	(386,626)	-		
Assets classified as held for sale	-	-	-	-	-	-	-	-	-		
Balance at 30 June 2022	107,480,020	20,011,192	8,105,785	16,704,663	10,827,499	3,191,526	7,764,803	1,490,560	175,576,048		
Comprises:											
Gross balance amount at 30 June 2022	150,660,915	32,926,054	11,626,886	29,292,110	18,993,876	8,831,932	16,135,776	1,490,560	269,958,109		
Accumulated depreciation at 30 June 2022	(43,180,895)	(12,914,862)	(3,521,101)	(12,587,447)	(8,166,377)	(5,640,406)	(8,370,973)	-	(94,382,061)		
Balance at 30 June 2022	107,480,020	20,011,192	8,105,785	16,704,663	10,827,499	3,191,526	7,764,803	1,490,560	175,576,048		
Balance as at 1 July 2022	107,480,020	20,011,192	8,105,785	16,704,663	10,827,499	3,191,526	7,764,803	1,490,560	175,576,048		
Additions	1,679,253	132,434	-	-	126,408	-	654,082	2,324,401	4,916,578		
(Disposals)	-	-	-	-	(27,996)	-	(134,830)	-	(162,826)		
Revaluation increments / (decrements) transferred to revaluation surplus	-	-	-	-	-	-	-	-	-		
Revaluation (loss) / reversals transferred to profit or loss	(33,780,224)	9,677,049	(2,823,237)	(3,073,843)	612,276	2,116,251	5,431,771	-	(21,839,957)		
Depreciation	-	-	-	(4,389,396)	-	-	-	-	(4,389,396)		
Transfers	(3,104,214)	(739,137)	(210,251)	(242,402)	(878,904)	(253,760)	(634,988)	-	(6,063,656)		
Other Movements	853,325	-	-	99,821	77,693	-	268,134	(1,313,743)	(14,770)		
Assets classified as held for sale	-	-	-	-	-	-	(25,855)	-	(25,855)		
Balance at 30 June 2023	73,128,160	29,081,538	5,072,297	9,098,843	10,736,976	5,054,017	13,323,117	2,501,218	147,996,166		
Comprises:											

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City of Vincent
Notes to the Financial Statements
 for the year ended 30 June 2023

Note 9. Infrastructure (continued)

Gross balance amount at 30 June 2023	119,913,889	47,830,426	9,365,258	17,713,864	18,335,136	7,696,229	19,438,546	2,501,218	242,794,566
Accumulated depreciation at 30 June 2023	(46,785,729)	(18,748,888)	(4,292,961)	(8,615,021)	(7,598,160)	(2,642,212)	(6,115,428)	—	(94,798,400)
Balance at 30 June 2023	73,128,160	29,081,538	5,072,297	9,098,843	10,736,976	5,054,017	13,323,117	2,501,218	147,996,166

City of Vincent

Notes to the Financial Statements

for the year ended 30 June 2023

Note 9. Infrastructure (continued)

(b) Carrying value measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair value					
Infrastructure - Roads	Level 3	Cost approach using current replacement cost	Independent Valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Footpaths	Level 3	Cost approach using current replacement cost	Independent Valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Rights of Way	Level 3	Cost approach using current replacement cost	Independent Valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Drainage	Level 3	Cost approach using current replacement cost	Independent Valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Park Development	Level 3	Cost approach using current replacement cost	Independent Valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Car Park Development	Level 3	Cost approach using current replacement cost	Independent Valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Other Infrastructure Assets	Level 3	Cost approach using current replacement cost	Independent Valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs

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

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

City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 10. Fixed assets

(a) Depreciation

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
Building	15 to 80 years
Furniture and equipment	1 to 20 years
Plant and equipment	1 to 27 years
<u>Sealed roads and streets:</u>	
Subgrade structure	not depreciated
Formation	not depreciated
Pavement	60 to 100 years
Seal	
- bituminous seals	20 years
- asphalt surfaces	30 years
Footpaths	5 to 50 years
Water supply and Drainage systems	30 to 120 years
<u>Car park infrastructure:</u>	
Subgrade structure	not depreciated
Other infrastructure	10 to 60 years
<u>Parks infrastructure:</u>	
Reticulation	10 - 30 years
Parks other infrastructure	3 to 80 years
Right of use Asset (plant and equipment)	3 years
Intangible	3 - 5 years

	2023	2022
	Actual	Actual
	\$	\$

(b) Fully depreciated assets in use

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

Buildings	842,600	2,135,800
Furniture and equipment	3,147,074	3,063,707
Plant and equipment	3,188,520	2,762,173
Other property, plant and equipment	345,270	345,270
Infrastructure - Park Development	1,718,500	1,605,300
Infrastructure - Car Park Development	559,927	559,927
Other Infrastructure Assets	744,610	657,582
	<u>10,546,501</u>	<u>11,129,759</u>

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Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 10. Fixed assets (continued)

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 any accumulated depreciation and impairment losses.

Initial recognition and measurement for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

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.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, 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 scheduled revaluation dates of the asset class in accordance with the City's revaluation policy, 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 revaluation date consistent with *Financial Management Regulation 17A(4)*.

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 carrying amount for each asset class is reviewed and, where appropriate, the fair value is updated to reflect current market conditions consistent with *Financial Management Regulation 17A(2)* which requires land, buildings infrastructure, investment properties and vested improvements to be shown at fair value.

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of asset classes 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. Subsequent increases are then recognised in profit or loss to the extent they reverse a net

revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

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

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

Depreciation on revaluation

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

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset.
- (ii) 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 in the Statement of Comprehensive Income and in Note 12.

Impairment

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 or losses on disposal

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.

City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 11. Leases

(a) Right of use assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year

	Note	Plant & Equipment \$	Total \$
2022			
Balance at 1 July 2021		209,823	209,823
Depreciation	10a	(119,821)	(119,821)
Balance at 30 June 2022		90,002	90,002
2023			
Balance at 1 July 2022		90,002	90,002
Additions		23,392	23,392
Depreciation	10a	(113,393)	(113,393)
Balance at 30 June 2023		—	—

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

	Note	2023 Actual \$	2022 Actual \$
Depreciation on right-of-use assets	10a	(113,393)	(119,821)
Finance charge on lease liabilities	29d	(647)	(1,801)
Short-term lease payments recognised as expense		(93,993)	(92,839)
Total amount recognised in the statement of comprehensive income		(208,033)	(214,461)
Total cash outflow from leases		(94,640)	(94,640)

(b) Lease liabilities

Current		—	70,601
Total lease liabilities	29d	—	70,601

The City has a lease relating to plant and equipment (Parking Meters). The lease term is 3 years and has fixed lease payments. The measurement of lease liabilities does not include any future cash outflows associated with leases not yet commenced to which the City is committed.

Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

SIGNIFICANT ACCOUNTING POLICIES**Leases**

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

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

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City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 11. Leases (continued)

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

Details of individual lease liabilities required by regulations are provided at Note 29(d).

Right-of-use assets - valuation

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

Refer to Note 10 for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

	2023 Actual \$	2022 Actual \$
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Council as a lessor

Lessor - Property, Plant and Equipment Subject to Lease

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

Less than 1 year	992,184	1,038,681
1 to 2 years	1,007,866	939,858
2 to 3 years	894,866	1,016,514
3 to 4 years	863,011	804,761
4 to 5 years	792,891	825,694
> 5 years	1,467,226	2,366,275
	<u>6,018,044</u>	<u>6,991,783</u>

The City leases buildings to external parties with rentals payable monthly. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

SIGNIFICANT ACCOUNTING POLICIES**The City as Lessor**

Upon entering into each contract as a lessor, the City assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the City applies AASB 15 to allocate the consideration under the contract to each component.

City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 12. Intangible assets

Intangible assets are as follows:

	2023 Actual \$	2022 Actual \$
Software		
Non-current		
Computer software development	612,094	324,358
Less: Accumulated amortisation	(484,897)	(276,988)
Total software – net book value	127,197	47,370
Movements in balances of computer software during the financial year are shown as follows:		
Balance at 1 July	47,370	–
Recognition of computer software	206,789	60,035
Amortisation	(126,962)	(12,665)
Balance at 30 June	127,197	47,370
TOTAL INTANGIBLE ASSETS	127,197	47,370

SIGNIFICANT ACCOUNTING POLICIES

Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the the City are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software.
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Information on useful life, amortisation rates and amortisation methods can be found in Note 10.

City of Vincent

Financial Statements 2023

Notes to the Financial Statements
for the year ended 30 June 2023

Note 13. Trade and other payables

	2023 Actual \$	2022 Actual \$
Current		
Sundry creditors	114,850	3,272,411
Prepaid rates	528,581	494,694
Contribution Liabilities - Bonds	1,724,336	1,589,439
Accrued Expenses	4,554,020	1,836,917
Total current trade and other payables	6,921,787	7,193,461

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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 any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

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 usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

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 income for the prepaid rates that have not been refunded.

City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 14. Other liabilities

	2023 Actual \$	2022 Actual \$
(a) Other liabilities		
Current		
Contract liabilities from contracts with customers - Other	564,399	671,324
Capital grant liabilities from transfers for recognisable non financial assets	1,104,641	1,356,035
	<u>1,669,040</u>	<u>2,027,359</u>
Reconciliation of changes in contract liabilities		
Opening balance	671,324	497,633
Additions	564,399	671,324
Revenue from contracts with customers included as a contract liability at the start of the period	(671,324)	(497,633)
	<u>564,399</u>	<u>671,324</u>
The City expects to satisfy the performance obligations from contracts with customers unsatisfied at the end of the reporting period to be satisfied within the next 12 months.		
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	1,356,035	926,511
Additions	669,715	1,356,035
Revenue from capital grant/contributions held as a liability at the start of the period	(921,109)	(926,511)
	<u>1,104,641</u>	<u>1,356,035</u>
Expected satisfaction of capital grant/contribution liabilities		
Less than 1 year	1,104,641	1,356,035
	<u>1,104,641</u>	<u>1,356,035</u>

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

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.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the City's obligations to construct recognisable non-financial assets to identified specifications to be controlled by the City which are yet to be satisfied. Capital grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 25(i)) due to the unobservable inputs, including own credit risk.

City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 15. Borrowings

Note	2023			2022		
	Current \$	Non-current \$	Total \$	Current \$	Non-current \$	Total \$
Secured						
Debentures	1,585,417	11,475,705	13,061,122	1,424,524	12,310,595	13,735,119
Total secured borrowings	1,585,417	11,475,705	13,061,122	1,424,524	12,310,595	13,735,119

Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the City of Vincent.

The City of Vincent has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 years.

SIGNIFICANT ACCOUNTING POLICIES**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.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 25(i)) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 23.

Details of individual borrowings required by regulations are provided at Note 29(a).

Note 16. Employee related provisions

(a) Employee related provisions

	2023 Actual \$	2022 Actual \$
Current provisions		
Employee benefit provisions		
Annual leave	2,974,049	3,028,075
Long service leave	2,551,802	2,460,025
	5,525,851	5,488,100
Total current employee related provisions	5,525,851	5,488,100
Non-current provisions		
Annual leave	—	—
Long service leave	538,130	501,936
	538,130	501,936
Total non-current employee related provisions	538,130	501,936
Total employee related provisions	6,063,981	5,990,036

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

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Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 16. Employee related provisions (continued)

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

	Note	2023 \$	2022 \$
Amounts are expected to be settled on the following basis:			
Less than 12 months after the reporting date		1,212,796	1,198,007
More than 12 months from reporting date		4,851,185	4,792,029
		<u>6,063,981</u>	<u>5,990,036</u>

Expected reimbursements of employee related provisions from other WA local governments included within other receivables	5	262,734	232,366
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SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

The City's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

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

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

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.

City of Vincent

Notes to the Financial Statements

for the year ended 30 June 2023

Note 17. Revaluation surplus

	2023	2023	2023	2023	2023	2022	2022	2022	2022
	Opening	Revaluation	Revaluation	Total Movement	Closing	Opening	Revaluation	Revaluation	Closing
	Balance	Increment	(Decrement)	on Revaluation	Balance	Balance	Increment	(Decrement)	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land	134,591,029	11,494,800	-	11,494,800	146,085,829	134,591,029	-	-	134,591,029
Revaluation surplus - Buildings - non-specialised	40,570,952	21,346,431	-	21,346,431	61,917,383	40,570,952	-	-	40,570,952
Revaluation surplus - Furniture and equipment	206,609	-	-	-	206,609	206,609	-	-	206,609
Revaluation surplus - Plant and equipment	2,948,368	-	-	-	2,948,368	2,948,368	-	-	2,948,368
Revaluation surplus - Joint Venture in Mindarie Regional Council	3,647,158	855,305	-	855,305	4,502,463	1,968,802	1,678,356	-	3,647,158
Revaluation surplus - Joint Venture in Tamala Park Regional Council	1,662,844	-	(529)	(529)	1,662,415	529	1,662,415	-	1,662,844
Revaluation surplus - Infrastructure - roads	81,580,765	-	(33,780,224)	(33,780,224)	47,800,541	81,580,765	-	-	81,580,765
Revaluation surplus - Infrastructure - footpaths	12,870,701	9,677,049	-	9,677,049	22,547,750	12,870,701	-	-	12,870,701
Revaluation surplus - Infrastructure - drainage	3,073,843	-	(3,073,843)	(3,073,843)	-	3,073,843	-	-	3,073,843
Revaluation surplus - Infrastructure - other	2,607,101	5,431,771	-	5,431,771	8,038,872	2,607,101	-	-	2,607,101
Infrastructure - Rights of Way	5,142,685	-	(2,823,237)	(2,823,237)	2,319,448	5,142,685	-	-	5,142,685
Infrastructure - Park Development	-	612,276	-	612,276	612,276	-	-	-	-
Infrastructure - Car Park Development	-	2,116,251	-	2,116,251	2,116,251	-	-	-	-
	288,902,155	51,533,883	(39,677,833)	11,856,050	300,758,205	285,561,384	3,340,771	-	288,902,155

City of Vincent

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Notes to the Financial Statements

for the year ended 30 June 2023

Note 18. Notes to the statement of cash flows

(a) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand 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:

	Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
Cash and cash equivalents	3	<u>15,330,270</u>	<u>1,112,274</u>	<u>7,585,863</u>
Restrictions				
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:				
- Cash and cash equivalents	3	8,553,645	617,274	2,000,000
- Financial assets at amortised cost	4	8,640,000	12,397,174	9,712,461
		<u>17,193,645</u>	<u>13,014,448</u>	<u>11,712,461</u>
The restricted assets are a result of the following specific purposes to which the assets may be used:				
Restricted reserve accounts	30	17,193,645	12,397,174	11,701,461
Shares in unlisted corporation - North Perth Community Financial Services Ltd		-	-	11,000
Payable to Leederville Garden		-	-	-
Contract liabilities from contracts with customers		564,399	-	671,326
Capital grant liabilities from transfers for recognisable non financial assets		1,104,641	-	1,356,035
Total restricted assets		<u>18,862,685</u>	<u>12,397,174</u>	<u>13,739,822</u>

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Notes to the Financial Statements

for the year ended 30 June 2023

Note 18. Notes to the statement of cash flows (continued)

	2023 Actual \$	2023 Budget \$	2022 Actual \$
(b) Reconciliation of Net Result to Net Cash Provided By Operating Activities			
Net result	924,761	1,714,860	(1,346,406)
Non-cash items:			
Depreciation/amortisation	11,912,706	12,865,818	11,802,017
(Profit)/loss on sale of asset	555,663	(212,648)	(9,524)
Share of profits of associates	(519,536)	-	(7,288,446)
Loss on revaluation of fixed assets	4,389,396	-	-
Profit/(Loss) from sale of Tamala Park Land	(978,043)	(1,848,288)	(787,429)
Change in Equity Local Govt House Trust	(1,843)	-	(1,999)
Profit/(Loss) from sale of shares	(2,750)	-	-
Movement in Work-In Progress	174,560	-	-
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables	(578,449)	(95,055)	339,608
(Increase)/decrease in inventories	12,407	(6,363)	(4,448)
(Increase)/decrease in other assets	(241,079)	-	(667,584)
Increase/(decrease) in trade and other payables	(271,674)	215,824	(825,528)
Increase/(decrease) in employee related provisions	73,945	400,000	494,399
Increase/(decrease) in other liabilities	(358,319)	-	603,215
Capital grants, subsidies and contributions	(1,473,209)	(3,440,577)	(2,394,594)
Net cash provided by/(used in) operating activities	13,618,536	9,593,571	(86,719)

	2023 Actual \$	2022 Actual \$
(c) Undrawn borrowing facilities credit standby arrangements		
Credit card limit	60,000	60,000
Total amount of credit unused	60,000	60,000
Loan facilities		
Loan facilities - current	1,585,417	1,424,524
Loan facilities - non-current	11,475,705	12,310,595
Total facilities in use at balance date	13,061,122	13,735,119

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Notes to the Financial Statements

for the year ended 30 June 2023

Note 19. Contingent liabilities

In compliance with the *Contaminated Sites Act 2003*, the City has listed sites to be possible sources of contamination. Details of those sites are:

Mindarie Regional Council (MRC)

The most recent 2021 Mandatory Auditor's Report (MAR) report recommended that further works were required to close out the following:

- The adequacy of the landfill gas monitoring network including confirmation of screening intervals.
- Assessment of the potential for off-site migration of landfill gas particularly with relation to preferential pathways.
- Ongoing assessment of landfill gas and groundwater as part of an ongoing site management plan to inform long term trends and to inform the need or otherwise for mitigation measures.
- The MAR noted further long-term assessment of Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) (in addition to other Contaminant of Potential Concern (COPCs) in groundwater including arsenic, nickel, ammonia, benzene and pathogens) would be appropriate.

The October 2023 MAR reports on those further investigations completed and provides an update on the conditions of the source site and affected site. The MRC MAR report is required by the Department of Water and Environmental Regulation (DWER) in respect of the Tamala Park Waste Management Facility site.

The purpose of the 2023 MAR audit was to:

- Confirm that the investigations undertaken adequately characterized the contamination status of the site.
- Confirm whether potentially significant risks to human health, the environment or environmental values exist on-site or off-site.
- Confirm the suitability of the site for the current and proposed land uses.
- Recommend a site classification under the *Contaminated Sites Act 2003*

The MAR auditor has determined, based on the analysis contained in the assessed reports, that:

- Source Site: Remains suitable for ongoing use as a Class II landfill, subject to implementation of a site management plan to prevent exposure to landfill gas, soil and groundwater contamination
- Affected Site: Remains suitable for current use as a development "buffer zone". The site is situated to the north of the MRC landfill.

The MAR report summary of findings for the Source and Affected sites are listed below:

Source Site:

- Soil – No soil investigations were completed in 2021 and 2023
- Groundwater – Groundwater results indicate impact to aquifer immediately below the landfill. Elevated levels of contaminants were above the relevant drinking water guidelines, some also exceeded the criteria for non-potable water use. No contaminants of potential concern (COPCs) were detected in samples collected from the onsite abstraction bore above the non-potable criteria.
- Landfill gas - The site is considered capable of generating a significant quantity of landfill gases and vapours. Methane was detected at elevated levels in boreholes outside the waste mass and along the northern wall of the landfill. The extraction system appears to be effectively mitigating methane with negligible detections outside of the extraction well network. There are indications of fugitive emissions through damages areas of the cap which would require repair and maintenance.

Affected Site:

- Groundwater results indicate some contaminants above the relevant drinking water guidelines but were below criteria for non-potable water uses. Certain COPCs detected above drinking water criteria were considered to be a reflection of natural site conditions.
- No methane has been recorded in recent events at monitoring wells outside the site boundary.

Site management plan (SMP)

A SMP was developed and received by the MRC in May 2020 and updated in May 2022. The SMP was required to provide a management plan for the site to ensure that potential hazards associated with soil, landfill gas, and groundwater contaminants are appropriately managed for the site's continued use as a landfill facility and leachate management. There are no "results" associated with this SMP, it is an ongoing document that continues to evolve to address the comprehensive management of landfill gas and groundwater in light of the most recent information obtained from periodic tests results.

The October 2023 MAR report concludes that:

- The auditor is satisfied that the information contained in the reviewed reports, considered as a whole, is sufficient to inform the current site and surrounding site condition and restrictions that may be applicable.
- Expectations of concerted effort to improve future reporting and reports to comply with relevant standards and guidelines.
- The assessments were sufficient to define the potential extents and types of contaminated media with an appropriate level of confidence.
- Investigation methodologies were sufficient to assess and manage risk.
- Ongoing assessment of landfill gas and groundwater as part of an ongoing Site Management Plan should be undertaken to inform long term trends and to inform the need or otherwise for mitigation measures.

Based on the above, MRC has no new information indicating that an additional landfill rehabilitation provision is required to address any specific remediation requirements nor do the October 2023 MAR report recommend such action.

City of Vincent

Financial Statements 2023

Notes to the Financial Statements
for the year ended 30 June 2023

Note 20. Capital commitments

	2023 Actual \$	2022 Actual \$
Capital expenditure commitments		
Contracted for:		
- capital expenditure projects	1,697,460	766,347
- plant & equipment purchases	3,343,010	1,989,585
Total capital expenditure commitments	<u>5,040,470</u>	<u>2,755,932</u>
Payable:		
- not later than one year	5,040,470	2,755,932
Total capital expenditure commitments	<u>5,040,470</u>	<u>2,755,932</u>

The capital expenditure projects outstanding at the end of the current reporting period represent heavy fleet replacement program, construction of a skate park, artwork, North Perth Town Hall renewals, Solar PV for DLGSC building and other various projects.

City of Vincent

Financial Statements 2023

Notes to the Financial Statements
for the year ended 30 June 2023

Note 21. Related party transactions

	2023 Actual \$	2023 Budget \$	2022 Actual \$
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(a) Elected Member Remuneration

Fees, expenses and allowances to be paid or reimbursed to elected council members.

	2023 Actual \$	2023 Budget \$	2022 Actual \$
Mayor's annual allowance	64,938	66,000	63,354
Deputy Mayor's annual allowance	16,234	16,500	15,838
Meeting attendance fees	222,416	224,160	217,363
Child care expenses	386	4,000	833
Other expenses	14	500	30
Annual allowance for ICT expenses	22,500	22,500	22,500
Travel and accommodation expenses	280	1,000	1,242
Total	326,768	334,660	321,161

	2023 Actual \$	2022 Actual \$
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(b) Key management personnel

Key Management Personnel (KMP) Compensation Disclosure

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

	2023 Actual \$	2022 Actual \$
Short-term employee benefits	850,999	845,757
Post-employment benefits	75,926	79,930
Employee - other long-term benefits	46,713	14,380
Council member costs	326,768	321,161
Total	1,300,406	1,261,228

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table 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 annual leave and long service leave entitlements accruing during the year.

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

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Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 21. Related party transactions (continued)

(c) Transactions with related parties

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

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

In addition to KMP compensation above the following transactions occurred with related parties:

Sale of goods and services	74,859	69,938
Purchase of goods and services	634,566	1,332,404
	<u>709,425</u>	<u>1,402,342</u>

Investments in associates:

Distributions received from investments in associates	1,666,668	833,334
	<u>1,666,668</u>	<u>833,334</u>

Amounts payable to related parties:

Trade and other payables	207,295	65,601
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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 council member, are considered key management personnel and are detailed in Notes 21(a) and 21(b).

ii. Other Related Parties

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

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the City.

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 Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 22. Investment in associates

(a) Investment in associates

Set out in the table below are the associates of the City. All associates are measured using the equity method. Western Australia is the principal place of business for all associates.

	% of ownership interest	2023 \$	2022 \$
Mindarie Regional Council	8.33	11,059,568	9,668,427
Tamala Park Regional Council*	8.33	3,903,327	4,542,991
		<u>14,962,895</u>	<u>14,211,418</u>

Mindarie Regional Council

The Mindarie Regional Council was formally constituted in December 1987. The City of Vincent (along with the Cities of Perth, Wanneroo, Joondalup, Stirling and the Towns of Victoria Park and Cambridge) is a member of the Mindarie Regional Council. The primary function of the Regional Council under the constitution agreement is for the orderly and efficient treatment and / or disposal of waste. City of Vincent is a participant in the Mindarie Regional council and has a one twelfth (1/12) equity in the land and assets of the refuse facility as per the constitution agreement (dated 25 November 1996) that recognises the City as a member of the Mindarie Regional Council.

The City's interest in the MRC joint arrangement is represented by the following breakdown of the joint arrangement's financial position (1/12 share). The valuation as shown below is, at the time of preparation of these statements.

	2023 Actual \$	2022 Actual \$
Summarised statement of financial position		
Other current assets	64,273,412	50,281,492
Total current assets	<u>64,273,412</u>	<u>50,281,492</u>
Non-current assets	100,324,693	95,598,663
Total non-current assets	<u>100,324,693</u>	<u>95,598,663</u>
Other current liabilities	5,528,381	5,605,777
Total current liabilities	<u>5,528,381</u>	<u>5,605,777</u>
Non-current liabilities	26,354,914	24,253,248
Total non-current liabilities	<u>26,354,914</u>	<u>24,253,248</u>
Net assets	<u>132,714,810</u>	<u>116,021,130</u>
Reconciliation to carrying amounts		
Opening net assets 1 July	116,021,130	23,532,486
Changes in members contributions	–	85,000,000
Profit/(Loss) for the period	6,430,026	(12,651,628)
Other comprehensive income	10,263,654	20,140,272
Closing net assets 1 July	<u>132,714,810</u>	<u>116,021,130</u>
Carrying amount at 1 July	9,668,427	1,961,040
Net Share of Interests in Mindarie Regional Council	535,836	6,029,031
Changes on Revaluation of Non-Current Assets	855,305	1,678,356
Carrying amount at 30 June (Based on audited Financials)	<u>11,059,568</u>	<u>9,668,427</u>
Net Share of Interests in Mindarie Regional Council	535,836	6,029,031
Total	<u>535,836</u>	<u>6,029,031</u>

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Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 22. Investment in associates (continued)

Tamala Park Regional Council *

The City is a participant (along with the Cities of Perth, Wanneroo, Joondalup, Stirling and the Towns of Victoria Park and Cambridge) in the operations of Tamala Park Regional Council (TPRC). Tamala Park Regional Council changed to Catalina Regional Council from 1 August 2023. The TPRC was created in 2006 to develop approximately 173 hectares of land for sale immediately north of the land leased by the Mindarie Regional Council. The City of Vincent has a one twelfth (1/12) equity in the assets and liabilities of the development as well as a one twelfth (1/12) equity in the assets and liabilities of TPRC as the operator of the development, and a one twelfth (1/12) share in the asset of the land held for development.

The City's interest in the TPRC joint venture is represented by the following breakdown of the joint venture's financial position (1/12 share).

	2023 Actual \$	2022 Actual \$
Summarised statement of financial position		
Other current assets	44,873,314	53,079,035
Total current assets	44,873,314	53,079,035
Non-current assets	2,640,157	1,786,027
Total non-current assets	2,640,157	1,786,027
Other current liabilities	559,922	216,487
Total current liabilities	559,922	216,487
Non-current liabilities	113,627	132,683
Total non-current liabilities	113,627	132,683
Net assets	46,839,922	54,515,892
Reconciliation to carrying amounts		
Opening net assets 1 July	54,515,893	54,969,292
Profit/(loss) for the period	1,001,970	(688,875)
Other comprehensive income	(6,353)	-
Changes in members contribution	(8,671,588)	-
Share of associates net profit	-	235,476
Closing net assets 1 July	46,839,922	54,515,893
Carrying Amount at 1 July	4,542,990	4,580,774
Proceeds from Sale of Land	3,170,688	2,524,056
Land Development Expenses	(2,192,645)	(1,736,627)
Proceeds Distribution	(1,666,668)	(833,334)
Net Share of Interests in Tamala Park Regional Council - Retained surplus	83,498	(57,407)
Net Share of Interests in Tamala Park Regional Council - Members Equity	(34,007)	65,527
Net Share of Interests in Tamala Park Regional Council - Revaluation Surplus	(529)	-
Carrying amount at 30 June (Based on audited Financials)	3,903,327	4,542,990
Net Share of Interest in Tamala Park Regional Council - Retained Surplus	83,498	(57,406)
Net Share of Interests in Tamala Park Regional Council - Members Equity	(34,007)	65,527
Net Share of Interests in Tamala Park Regional Council - Revaluation Surplus	(529)	-
Net Share of Tamala Park Land in Tamala Park Regional Council **	(65,790)	1,251,293
Total	(16,828)	1,259,414

(*) *Tamala Park Regional Council changed to Catalina Regional Council from 1 August 2023.

(**) The City recognised its share of Inventory (Tamala Park Land - Developed land and land under construction -Note 6) based on its equity in Tamala Park Regional Council as at 30 June 2023.

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Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 22. Investment in associates (continued)

SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

An associate is an entity over which the City has significant influence, that is it has the power to participate in the financial and operating policy decisions of the investee but not control or joint control of those policies.

Investments in associates are accounted for using the equity method. The equity method of accounting, is 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.

City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 23. 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 debt investments	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

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

Financial risk management is carried out by the finance area under policies approved by the Council. The 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 interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the City to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

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, term deposits, and Treasury bonds 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 \$
2023					
Cash and cash equivalents	4.17%	15,330,270	8,540,000	6,785,820	4,450
Financial assets at amortised cost - term deposits	4.77%	17,140,000	17,140,000	–	–
2022					
Cash and cash equivalents	0.92%	7,585,863	3,946,244	544,818	3,094,801
Financial assets at amortised cost - term deposits	2.00%	18,500,000	18,489,000	–	11,000

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Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 23. Financial risk management (continued)

Sensitivity

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

	2023	2022
	\$	\$
Impact of a 1% movement in interest rates on profit or loss and equity ^(*)	67,858	5,448

(*) Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs.

The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The City does not consider there to be any interest rate risk in relation to borrowings.

Details of interest rates applicable to each borrowing may be found at Note 29(a).

(b) Credit risk**Trade and Other Receivables**

The City's major trade and other receivables comprise contractual non-statutory user fees and charges, grants, contributions and reimbursements. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The City manages this risk by monitoring outstanding debt and employing debt recovery policies.

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 and other receivables. To measure the expected credit losses, receivables from grants, contributions and reimbursements are separated from other trade receivables due to the difference in payment terms and security.

The expected loss rates are based on the payment profiles of trade and other receivables over a period of 36 months before 1 July 2022 or 1 July 2023 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of users to settle the receivables.

The loss allowance as at 30 June 2023 and 30 June 2022 was determined as follows for trade and other receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	\$	\$	\$	\$	\$
30 June 2023					
Trade receivables					
Expected credit loss	3.00%	0.00%	0.00%	42.00%	
Gross carrying amount	296,165	57	664	474,177	771,063
Loss allowance	8,989	-	-	198,804	207,793
Other receivables					
Expected credit loss	10.00%	10.00%	10.00%	22.00%	
Gross carrying amount	157,499	114,820	81,953	2,621,508	2,975,780
Loss allowance	15,750	11,482	8,195	565,740	601,167
30 June 2022					
Trade receivables					
Expected credit loss	0.00%	0.00%	2.00%	46.00%	
Gross carrying amount	341,308	5,767	2,589	478,372	828,036
Loss allowance	-	-	62	217,961	218,023

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Notes to the Financial Statements

for the year ended 30 June 2023

Note 23. Financial risk management (continued)

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	\$	\$	\$	\$	\$
Other receivables					
Expected credit loss	10.00%	10.00%	10.00%	17.00%	
Gross carrying amount	219,359	116,504	60,862	2,409,620	2,806,345
Loss allowance	21,936	11,650	6,086	417,200	456,872

The loss allowances for trade and other receivables as at 30 June reconcile to the opening loss allowances as follows:

	Trade receivables		Other receivables	
	2023	2022	2023	2022
	Actual	Actual	Actual	Actual
	\$	\$	\$	\$
Opening loss allowance as at 1 July	218,023	181,916	456,872	409,506
Increase in loss allowance recognised in profit or loss during the year	(10,229)	36,107	314,415	47,366
Receivables written off during the year as uncollectible	–	–	(170,120)	–
Closing loss allowance at 30 June	207,794	218,023	601,167	456,872

Trade and other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the City, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on rates and statutory receivables, trade, other receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 18(c).

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
	\$	\$	\$	\$	\$
2023					
Trade and other payables	6,393,206	–	–	6,393,206	6,921,787
Borrowings	1,993,835	7,571,740	5,264,054	14,829,629	13,061,122
Lease liabilities	–	–	–	–	–
	8,387,041	7,571,740	5,264,054	21,222,835	20,100,236
2022					
Trade and other payables	6,698,767	–	–	6,698,767	7,193,461
Borrowings	1,847,337	7,210,560	6,781,508	15,839,405	13,735,119
Lease liabilities	70,601	–	–	70,601	70,601
	8,616,705	7,210,560	6,781,508	22,608,773	20,999,179

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Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 24. Events occurring after the end of the reporting period

Non-adjusting events after the reporting period.**Sale of Land**

The City entered into an agreement on 16 May 2023 for the sale of a parcel of land. The City sold the parcel of land located at 25 (Lot 93) Sydney Street, North Perth for \$860,393 with the settlement completed on 25 July 2023. This transaction has resulted in a loss on disposal of \$60,804 which will be recognised in the financial year ending 30 June 2024.

Note 25. 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) Interest revenue

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost 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).

i) 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

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Notes to the Financial Statements

for the year ended 30 June 2023

Note 25. Other significant accounting policies (continued)

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.

j) 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.

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Notes to the Financial Statements

for the year ended 30 June 2023

Note 26. Function and activity

City operations as disclosed in these financial statements encompass the following service orientated functions and activities.

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

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Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 26. Function and activity (continued)

(a) Income and expenses

	2023 Actual \$	2023 Budget \$	2022 Actual \$
Income excluding grants, subsidies and contributions			
Governance	72,254	66,500	61,776
General purpose funding	42,629,426	40,726,329	37,215,755
Law, order, public safety	216,536	317,306	249,252
Health	315,457	346,605	384,194
Education and welfare	139,315	187,317	145,188
Community amenities	1,089,378	707,273	815,271
Recreation and culture	11,251,668	10,194,207	9,003,479
Transport	10,720,944	9,606,871	8,630,133
Economic services	252,078	508,450	265,499
Other property and services	1,649,318	2,529,660	9,285,802
	<u>68,336,374</u>	<u>65,190,518</u>	<u>66,056,349</u>
Grants, subsidies and contributions			
Governance	48	–	7,200
General purpose funding	1,525,330	763,848	1,632,455
Law, order, public safety	1,140	50,000	1,460
Health	232	60,919	1,259
Education and welfare	84,442	110,950	4,909
Community amenities	111,457	45,994	602,519
Recreation and culture	1,685,660	1,935,258	610,058
Transport	385,701	1,507,054	1,387,459
Economic services	2,426	1,385	726
Other property and services	12,335	32,770	34,031
	<u>3,808,771</u>	<u>4,508,178</u>	<u>4,282,076</u>
Total income	<u>72,145,145</u>	<u>69,698,696</u>	<u>70,338,425</u>
Expenses			
Governance	(3,194,245)	(3,341,981)	(2,885,226)
General purpose funding	(1,256,229)	(887,829)	(632,607)
Law, order, public safety	(5,116,303)	(4,829,171)	(4,499,359)
Health	(1,957,739)	(2,188,227)	(1,617,516)
Education and welfare	(443,452)	(441,371)	(431,556)
Community amenities	(15,437,432)	(17,048,417)	(25,046,299)
Recreation and culture	(26,912,335)	(25,926,147)	(24,612,053)
Transport	(14,173,791)	(9,586,575)	(9,060,757)
Economic services	(707,174)	(796,660)	(618,506)
Other property and services	(2,021,684)	(2,937,458)	(2,280,952)
	<u>(71,220,384)</u>	<u>(67,983,836)</u>	<u>(71,684,831)</u>
Net result for the period	<u>924,761</u>	<u>1,714,860</u>	<u>(1,346,406)</u>

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Financial Statements 2023

Notes to the Financial Statements
for the year ended 30 June 2023

Note 26. Function and activity (continued)

(b) Total assets

	2023 Actual \$	2022 Actual \$
General purpose funding	53,587,310	31,887,798
Law, order, public safety	4,494,554	4,661,552
Health	4,651,176	5,097,265
Education and welfare	22,787,876	22,446,297
Community amenities	5,212,514	4,948,095
Recreation and culture	150,420,541	152,115,781
Transport	192,321,373	198,693,099
Other property and services	23,126,389	25,271,683
Total assets	456,601,733	445,121,570

City of Vincent
Notes to the Financial Statements
 for the year ended 30 June 2023

Note 27. Rating information

Rate type	Basis of valuation	Rate in \$	2023		2023		2023		2023		2023		2023		2022	
			Number of properties	Actual Rateable value	Actual Rate revenue	Actual Interim rates	Actual Back rates	Actual Total revenue	Budget rate revenue	Budget Interim rate	Budget Back rate	Budget total revenue	Actual Total revenue	Actual Total revenue		
General Rates																
Residential	Gross rental valuation	0.06579	10,881	248,447,916	21,314,346	236,972	5,181	21,556,459	21,270,668	120,000	2,500	21,393,166	19,746,748			
Other	Gross rental valuation	0.07229	1,626	127,622,443	9,218,596	145,287	121,377	9,485,262	9,150,271	130,000	11,000	9,291,271	8,514,738			
Vacant Commercial	Gross rental valuation	0.13791	41	2,587,150	386,794	(11,618)	(4,815)	340,361	363,140	-	-	363,140	337,037			
Vacant Residential	Gross rental valuation	0.08191	194	4,616,900	378,170	3,454	35	381,659	381,861	12,000	2,500	396,361	336,946			
Total general rates			12,842	383,174,409	31,267,908	374,095	121,778	31,763,781	31,165,940	262,000	16,000	31,443,940	28,935,469			
Minimum payment																
Residential	Gross rental valuation	1.33532	6,098	77,356,652	8,142,781	(54,327)	(3,794)	8,084,660	8,156,135	6,000	1,000	8,163,135	7,582,737			
Other	Gross rental valuation	1.28873	162	1,873,252	208,774	-	-	208,774	208,774	5,000	1,000	214,774	195,323			
Vacant Commercial	Gross rental valuation	1.63165	-	-	-	-	-	-	-	-	-	-	-			
Vacant Residential	Gross rental valuation	1,180.00	195	2,054,440	230,100	(3,918)	(1,377)	224,805	219,480	7,000	2,000	228,480	227,228			
Total minimum payments			6,455	81,384,344	8,581,655	(58,245)	(5,171)	8,518,239	8,584,389	18,000	4,000	8,606,389	8,005,288			
Total general rates and minimum payments																
			19,297	464,558,753	39,849,563	315,850	116,607	40,282,020	39,750,329	280,000	20,000	40,050,329	36,940,757			
								40,282,020				40,050,329	36,940,757			
Discounts																
Rates Waived								(119,907)				(140,000)	(116,028)			
Total rates								40,162,113				39,910,329	36,824,729			

The rate revenue was recognised from the rate record as soon as practicable after the City resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

City of Vincent

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Notes to the Financial Statements

for the year ended 30 June 2023

Note 28. Determination of surplus or deficit

Note	30 June 2023 Carried Forward	Budget 30 June 2023 Carried Forward	30 June 2022 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 Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	(188,773)	(729,188)	(140,764)
Net Share of Interest in Associates	(519,536)	-	(7,288,445)
Add: Loss on disposal of assets	744,436	516,540	131,240
Less: Share of net profit of associates and joint ventures accounted for using the equity method	(978,043)	(1,848,288)	(787,429)
Add: Loss on revaluation of fixed assets	9a 4,389,396	-	-
Add: Depreciation	10a 11,912,706	12,865,818	11,802,017
Non-cash movements in non-current assets and liabilities:			
Financial assets at amortised cost	(1,843)	-	(1,999)
Pensioner deferred rates	14,015	-	(9,939)
Employee benefit provisions	39,391	-	15,907
Infringement debtor provisions	65,064	-	26,470
Non-cash amounts excluded from operating activities	15,476,813	10,804,882	3,747,058
(b) Non-cash amounts excluded from investing activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to investing activities			
Non cash Capital grants, subsidies and contributions	251,394	-	-
Movement in Work-In Progress	174,561	-	-
Non-cash amounts excluded from investing activities	425,955	-	-
(c) Surplus/(deficit) after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity 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: Reserve accounts	30 (17,193,645)	(12,397,174)	(11,701,461)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	15 1,585,417	1,607,889	1,424,524
- Current portion of lease liabilities	11 -	-	70,601
Less: Shares transferred from non current to current asset	-	-	(11,000)
Less: Land held for resale	(1,986,519)	-	(1,204,276)
Add: Rates outstanding Non-current	405,372	-	356,996
Add: Other assets Non-current	889,298	-	1,051,797
Add: Infringement debtors transferred to non current asset	1,625,260	1,208,751	1,530,743
Total adjustments to net current assets	(14,674,817)	(9,580,534)	(8,482,076)

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Notes to the Financial Statements

for the year ended 30 June 2023

Note 28. Determination of surplus or deficit (continued)

	30 June 2023 Carried Forward	Budget 30 June 2023 Carried Forward	30 June 2022 Carried Forward
Net current assets used in the Statement of Financial Activity			
Total current assets	39,427,722	23,470,959	31,363,069
Less: Total current liabilities	(15,702,095)	(13,733,285)	(16,204,047)
Less: Total adjustments to net current assets	(14,674,817)	(9,580,534)	(8,482,076)
Surplus or deficit after imposition of general rates	9,050,810	157,140	6,676,946

City of Vincent

Notes to the Financial Statements
for the year ended 30 June 2023

Note 29. Borrowing and lease liabilities

(a) Borrowings liabilities

Purpose	Note	Principal at 1 July 2021	New loans During 2021-22	Principal repayments During 2021-22	Principal at 30 June 2022	Actual Principal at 30 June 2022	New loans During 2022-23	Principal repayments During 2022-23	Principal at 30 June 2023	Actual Principal at 30 June 2023	Budget New loans	Principal repayments	Principal at 30 June 2023
Resource Recovery Facility		-	7,083,333	(334,447)	6,748,886	6,073,974	-	(674,912)	6,748,886	6,073,974	-	(674,912)	6,073,974
Strengthen Equipment- BPLC		-	-	-	-	344,091	389,169	(45,078)	-	344,091	389,169	(45,078)	344,090
Underground Car Park Loftus Rec		305,474	-	(260,991)	44,483	-	438,710	(44,483)	44,483	-	-	(44,483)	-
Cardic Equipment-BPLC		5,417,204	-	(386,291)	5,028,913	406,437	-	(32,273)	5,028,914	406,437	-	(32,273)	406,437
Beatty Park Redevelopment		1,335,295	-	(185,744)	1,149,551	4,618,761	-	(410,152)	1,149,549	4,618,762	-	(410,152)	4,618,762
Loftus Centre Redevelopment		-	-	-	-	951,662	-	(197,889)	1,149,549	951,662	-	(197,889)	951,660
246 Vincent Street DLGSC building		858,992	-	(95,705)	763,287	666,198	-	(97,089)	763,287	666,198	-	(97,089)	666,198
Total		7,916,965	7,083,333	(1,265,178)	13,735,120	13,061,123	827,879	(1,501,876)	13,735,119	13,061,123	827,879	(1,501,877)	13,061,121
Total Borrowings	15	7,916,965	7,083,333	(1,265,178)	13,735,120	13,061,123	827,879	(1,501,876)	13,735,119	13,061,123	827,879	(1,501,877)	13,061,121

Borrowing Finance Cost Payments

Purpose	Loan number	Institution	Interest Rate	Function and activity	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022
Strengthen Equipment- BPLC	12	WATC*	4.33%	Recreation and culture	10/08/26	(16,624)	(10,894)	-
Loftus Centre Redevelopment	5	WATC*	6.35%	Recreation and culture	01/08/27	(74,333)	(75,390)	(87,895)
246 Vincent Street DLGSC building	2B	WATC*	1.44%	Recreation and culture	03/12/29	(15,652)	(15,763)	(17,710)
Cardic Equipment-BPLC	13	WATC*	4.48%	Recreation and culture	08/08/28	(19,673)	(12,383)	-
Underground Car Park Loftus Rec	6B	WATC*	3.85%	Recreation and culture	01/08/22	(184)	(326)	(8,534)
Beatty Park Redevelopment	10	WATC*	5.49%	Recreation and culture	05/01/32	(297,830)	(299,706)	(322,191)
Resource Recovery Facility	14	WATC*	1.26%	Community amenities	25/08/31	(120,408)	(126,005)	(111,827)
Total						(544,704)	(540,457)	(547,957)
Total Finance Cost Payments						(544,704)	(540,457)	(547,957)

* WA Treasury Corporation

continued on next page ...

City of Vincent

Notes to the Financial Statements

for the year ended 30 June 2023

Note 29. Borrowing and lease liabilities (continued)

(b) New Borrowings - 2022/23

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					Actual	Budget	Actual	Budget		
Strength Equipment- BPLC	WATC*	Debenture	4	4.33%	389,169	389,169	389,169	389,169	38,852	-
Cardio Equipment- BPLC	WATC*	Debenture	6	4.48%	438,710	438,710	438,710	438,710	66,427	-
					827,879	827,879	827,879	827,879	105,279	-

* WA Treasury Corporation

(c) Unspent Borrowings

The Council does not have any unspent borrowings for FY2022/23.

(d) Lease liabilities

Purpose	Note	Actual				Budget				
		Principal at 1 July 2021	New leases During 2021-22	Principal repayments During 2021-22	Principal at 30 June 2022	Principal at 30 June 2023	Principal repayments During 2022-23	New leases During 2022-23	Principal repayments During 2022-23	Principal at 30 June 2023
EMV/ kits for Parking ticket machines		163,440	-	(92,839)	70,601	-	23,392	(93,992)	70,602	(70,602)
Total lease liabilities	11b	163,440	-	(92,839)	70,601	-	23,392	(93,992)	70,602	(70,602)

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Financial Statements 2023

City of Vincent

Notes to the Financial Statements

for the year ended 30 June 2023

Note 29. Borrowing and lease liabilities (continued)

(d) Lease liabilities (continued)

Purpose	Lease number	Institution	Lease interest rate	Function and activity	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022	Lease term
						\$	\$	\$	
Purpose									
EMV kits for Parking ticket machines	E6ND162814	Maia Financial	1.60%	Law, order, public safety	03/04/23	(647)	(378)	(1,801)	36 months
Total Finance Cost Payments						(647)	(378)	(1,801)	

City of Vincent
Notes to the Financial Statements
 for the year ended 30 June 2023

Note 30. Reserve accounts

	2023		2023		2023		2023		2023		2023		2022		2022	
	Opening Balance Actual	Transfer to Actual	Transfer (from) Actual	Closing Balance Actual	Opening Balance Budget	Transfer to Budget	Transfer (from) Budget	Closing Balance Budget	Opening Balance Actual	Transfer to Actual	Transfer (from) Actual	Closing Balance Actual	Opening Balance Actual	Transfer to Actual	Transfer (from) Actual	Closing Balance Actual
<i>Restricted by council</i>																
Asset Sustainability Reserve	5,283,932	3,313,117	(1,333,230)	7,263,819	5,572,478	2,238,552	(3,041,900)	4,769,130	5,749,402	1,650,742	(2,116,212)	5,283,932	5,749,402	1,650,742	(2,116,212)	5,283,932
Beatty Park Leisure Centre Reserve	102,888	208,291	—	311,189	102,681	201,648	(100,000)	204,329	102,086	802	—	102,888	102,086	802	—	102,888
Cash in Lieu Parking Reserve	1,457,574	50,597	(210,668)	1,297,503	1,429,508	4,359	(893,500)	540,367	1,611,564	12,113	(166,103)	1,457,574	1,611,564	12,113	(166,103)	1,457,574
Hyde Park Lake Reserve	163,644	3,425	—	167,069	166,306	1,357	—	168,263	160,649	2,995	—	163,644	160,649	2,995	—	163,644
Land and Building Acquisition Reserve	301,642	6,174	—	307,816	301,005	2,448	—	303,453	300,049	1,593	—	301,642	300,049	1,593	—	301,642
Leederville Oval Reserve	96,153	1,352	(25,800)	71,705	96,952	536	(30,000)	66,488	94,885	1,268	—	96,153	94,885	1,268	—	96,153
Lothus Community Centre Reserve	37,660	104,890	—	142,550	37,581	101,119	—	138,700	37,219	441	—	37,660	37,219	441	—	37,660
Lotus Recreation Centre Reserve	219,341	70,361	(15,930)	274,382	221,069	61,079	(50,000)	232,948	220,496	61,920	(63,075)	219,341	220,496	61,920	(63,075)	219,341
246 Vincent Street Building Reserve	219,307	148	(13,600)	205,855	227,895	59	(229,675)	7,279	311,925	1,532	(94,150)	219,307	311,925	1,532	(94,150)	219,307
Parking Facility and Equipment Reserve	107,182	2,193	—	109,375	106,956	870	—	107,826	106,521	661	—	107,182	106,521	661	—	107,182
Percent for Art Reserve	332,907	40	(48,000)	284,947	336,655	16	(333,700)	1,871	401,577	2,130	(70,800)	332,907	401,577	2,130	(70,800)	332,907
Plant and Equipment Reserve	131	—	—	131	83	—	(83)	—	22,690	118	(22,667)	131	22,690	118	(22,667)	131
POS reserve - General	653,071	118,386	(180,000)	581,457	653,071	911,084	(190,000)	1,374,155	—	653,071	—	653,071	—	653,071	—	653,071
POS reserve - Haynes Street	195,760	41,568	(150,000)	87,328	196,927	39,699	(150,000)	86,626	159,265	36,485	—	195,760	159,265	36,485	—	195,760
State Gymnastics Centre Reserve	131,596	15,257	(15,000)	131,853	130,952	13,040	(15,000)	128,992	119,423	12,173	—	131,596	119,423	12,173	—	131,596
Strategic Waste Management Reserve	29,148	941	—	30,089	46,899	373	—	46,272	1,006,113	5,347	(862,312)	29,148	1,006,113	5,347	(862,312)	29,148
Tamala Park Land Sales Reserve	1,930,361	1,341,054	—	3,271,415	1,929,100	1,275,652	—	3,204,952	1,093,870	836,491	—	1,930,361	1,093,870	836,491	—	1,930,361
Underground Power Reserve	215,555	2,348,335	(136,914)	2,426,976	215,105	791,376	(216,000)	790,481	211,870	3,685	—	215,555	211,870	3,685	—	215,555
Waste Management Plant and Equipment Reserve	223,569	4,577	—	228,176	223,128	1,614	—	224,942	221,856	1,743	—	223,569	221,856	1,743	—	223,569
	11,701,461	7,631,326	(2,139,142)	17,193,645	11,991,951	5,646,081	(5,240,868)	12,397,174	11,931,460	3,285,320	(3,515,319)	11,701,461	11,931,460	3,285,320	(3,515,319)	11,701,461

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

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City of Vincent
Notes to the Financial Statements
 for the year ended 30 June 2023
Note 30. Reserve accounts (continued)

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

Name of Reserve	Purpose of the reserve
Beatty Park Leisure Centre Reserve	For the major upgrade and redevelopment of the Beatty Park Leisure Centre including the replacement or purchase of major plant, equipment, fixtures and fittings.
Cash in Lieu Parking Reserve	This reserve is established from payment of cash-in-lieu of car parking from development applicants and is to be used for providing and/or upgrading existing and proposed Transport infrastructure as defined in the City's Parking and Access Policy 7.7.1.
Hyde Park Lake Reserve	For works associated with the investigation, maintenance, remedial works and the rehabilitation of the Hyde Park Lakes and surrounds.
Land and Building Acquisition Reserve	To ensure that proceeds of real assets disposed of are restricted to purchase other land and buildings for civic purposes.
Leederville Oval Reserve	For the works associated with the maintenance, repairs, upgrade and replacement of Leederville Oval buildings, fixtures, fittings and associated land.
Loftus Community Centre Reserve	This reserve is for the purpose of capital improvements, including replacing major items of plant and equipment or renewal and modifications to the Centre.
Loftus Recreation Centre Reserve	This reserve is for the purpose of capital improvements, including replacing major items of plant and equipment or renewal and modifications to the Centre.
246 Vincent Street Building Reserve	For major building upgrade, maintenance, repairs, renovation and replacement of floorcovering, fixtures and fittings associated with the new Office Building and Land.
Parking Facility and Equipment Reserve	This reserve is for the purchase and replacement of parking ticket machines, provision and improvement of parking information systems, security lighting, improved pathways and associated infrastructure to access parking areas and associated works.
Percent for Art Reserve	This reserve is funded from payment of public art contributions from development applicants and is to be used for the acquisition and provision of Public Art and associated infrastructure.
Plant and Equipment Reserve	For the purchase of replacement plant and equipment associated with City's works.
POS reserve - General	For the future development of public open space in the City.
POS reserve - Haynes Street	For the future development of POS at Haynes Street.
State Gymnastics Centre Reserve	This reserve is for the purpose of capital improvements, including replacing major items of plant and equipment or renewal and modifications to the Centre.
Strategic Waste Management Reserve	Investigation and implementation of integrated waste management strategies/programmes and initiatives, (including secondary waste treatment and costs associated with the redevelopment of Lot 118 Tamala Park).
Tamala Park Land Sales Reserve	For future significant/major capital works, infrastructure, project or debt reduction programmes for the benefit of the City.
Underground Power Reserve	For the purpose of funding the City's contribution to approved underground power projects.
Waste Management Plant and Equipment Reserve	For the purpose of replacing plant and equipment associated with the City's waste management, minimisation and recycling operations.
Asset Sustainability Reserve	For assisting Council in funding its long term asset management objectives and provide a means to spread the cost of intergenerational assets over multiple years.

City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 31. Trust funds

	1 July 2022			30 June 2023
	Opening Balance	Amounts received	Amounts paid	Closing balance
	\$	\$	\$	\$
<p>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:</p>				
Leederville Gardens Inc. Trust ^(*)	3,733,236	128,867	-	3,862,103
-	<u>3,733,236</u>	<u>128,867</u>	<u>-</u>	<u>3,862,103</u>

(*) The opening balance has been reduced by \$201,395 as a result of an investigation performed on the funds held in trust.

City of Vincent

Financial Statements 2023

General Purpose Financial Statements
for the year ended 30 June 2023

Insert Independent Auditor's Report here



Auditor General

INDEPENDENT AUDITOR'S REPORT 2023 City of Vincent

To the Council of the City of Vincent

Opinion

I have audited the financial report of the City of Vincent (City) which comprises:

- the Statement of Financial Position as at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Activity for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the City for the year ended 30 June 2023 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, the 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 below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2023, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or my knowledge obtained in the audit or otherwise appears to be materially misstated.

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7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer (CEO) of the City is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the 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
- 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 responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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

My independence and quality management relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the City of Vincent for the year ended 30 June 2023 included in the annual report 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 financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the City to confirm the information contained in the website version.



Sandra Labuschagne
Deputy Auditor General
Delegate of the Auditor General for Western Australia
Perth, Western Australia
8 December 2023