

12.3 REPORT AND MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 10 DECEMBER 2021

- Attachments:**
1. **Audit Committee Minutes 10 December 2021**
 2. **Confidential Items for Audit Committee 10 December 2021 - Confidential**

RECOMMENDATION:**That Council:**

1. **RECEIVES** the minutes of the Audit Committee Meeting of 10 December 2021, 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 2021;
3. **RECEIVES** the Audit Opinion for the year ended 30 June 2021; and
4. **ADOPTS** the Audited Annual Financial Statements for the year ended 30 June 2021.

PURPOSE OF REPORT:

To report to Council the proceedings of the Audit Committee at its meeting held on 10 December 2021 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 two months and comprises of up to three external independent members (one of which is the Audit Committee Chair) and four Elected Members.

DETAILS:

At its meeting on 10 December 2021 the Audit Committee considered two agenda items as follows:

Details of the agenda items are set out below.

5.1 Election of Chairperson and Deputy Chairperson of the City of Vincent Audit Committee

Only one nomination was received for Chairperson. Mr Conley Manifis was therefore elected as Chairperson for the ensuing year.

Only one nomination was received for Deputy Chairperson. Cr Ross Ioppolo was therefore elected as Deputy Chairperson for the ensuing year.

5.2 Audited Financial Statements and Management Letters for year ended 30 June 2021

The auditors have completed the Audit of the City's accounts and Annual Financial Statements for the year ending 30 June 2021, in accordance with the terms of their appointment and the requirements of Part 7 Division 3 of the Act. OAG has submitted their audit opinion, management letters (Financial Audit and Information System audit) and Exit Brief, which are shown as attachments in **Attachments 1 to 4**.

Representatives from the OAG attended the Audit Committee Meeting to present the Audited Financial Statements, management letters (Financial Audit and Information System audit) and Exit Brief. In

accordance with section 7.12A (2) of the Act, representatives of the OAG must also attend the 14 December 2021 Council Meeting, as this duty has not been delegated to the Audit Committee.

The Audit Committee received the Management Letters, Exit Brief, Financial Statements and Audit Opinion, and recommended to Council the adoption of the Audited Annual Financial Statements for the year ended 20 June 2021.

CONSULTATION/ADVERTISING:

Nil.

LEGAL/POLICY:

Clause 2.21 of the City's Meeting Procedures Local Law 2008 states that the report 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 10 December 2021.

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

10 December 2021

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**MINUTES OF CITY OF VINCENT
AUDIT COMMITTEE
HELD AS E-MEETING AND AT THE
ADMINISTRATION AND CIVIC CENTRE
244 VINCENT STREET, LEEDERVILLE
ON FRIDAY, 10 DECEMBER 2021 AT 10.33AM**

PRESENT:	Mr Conley Manifis Cr Ashley Wallace Cr Ron Alexander Cr Ross Ioppolo	Independent External Member (Chair) South Ward (electronic attendance) North Ward South Ward
IN ATTENDANCE:	David MacLennan Peter Varris Andrew Murphy Virginia Miltrup Rhys Taylor Peter Ferguson	Chief Executive Officer Chief Audit Executive Executive Director Infrastructure & Environment (from 10.38am) Executive Director Community & Business Services(from 10:38am) Executive Manager Financial Services (from 10:38pm) Executive Manager ICT (from 10:38pm)
GUESTS:	Mark Ambrose Jeff Sweetman	Senior Director Financial Audit - Office of the Auditor General (from 10:38pm) A/Assistant Director Financial Audit - Office of the Auditor General (from 10:38pm)

1 INTRODUCTION AND WELCOME

NOTE: 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 Chief Executive Officer, David MacLennan, declared the meeting open at 10.33am 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".

1.2 APOLOGIES / MEMBERS ON APPROVED LEAVE OF ABSENCE

Cr Susan Gontaszewski -South Ward

2 ELECTION OF AUDIT COMMITTEE CHAIRPERSON AND DEPUTY CHAIRPERSON

The Chief Executive Officer, David MacLennan, called for nominations for Chairperson of the City of Vincent Audit Committee.

One nomination was received being, Conley Manifis.

The Chief Executive Officer, David MacLennan, called for nominations for Deputy Chairperson of the City of Vincent Audit Committee.

Cr Alexander nominated Cr Ioppolo. Cr Ioppolo accepted the nomination. No further nominations were forthcoming.

COMMITTEE DECISION

Moved: Mr Manifis, Seconded: Cr Ioppolo

That Mr Conley Manifis be elected as Chairperson of the Audit Committee until the Audit Committee meeting in February 2023.

That Cr Ross Ioppolo be elected as Deputy Chairperson of the Audit Committee until the Audit Committee meeting in February 2023.

CARRIED (4-0)

For: Mr Manifis, Cr Ioppolo, Cr Wallace, Cr Alexander

Against: Nil

(Cr Gontaszewski was an apology for the meeting.)

3 DECLARATIONS OF INTEREST

Conley Manifis declared an impartiality interest. The extent of his interest is that his company is contracted by the Office of the Auditor General to complete external audits.

4 CONFIRMATION OF MINUTES**COMMITTEE DECISION**

Moved: Mr Manifis, Seconded: Cr Wallace

That the minutes of the Audit Committee held on 6 September 2021 be confirmed.

CARRIED (4-0)

For: Mr Manifis, Cr Ioppolo, Cr Wallace, Cr Alexander

Against: Nil

(Cr Gontaszewski was an apology for the meeting.)

At 10:38am Mr Ambrose and Mr Sweetman from the Officer of the Auditor General joined the meeting.

At 10:38am Virginia Miltrup, Andrew Murphy, Rhys Taylor and Peter Ferguson joined the meeting.

AUDIT COMMITTEE MINUTES

10 DECEMBER 2021

5 BUSINESS ARISING

NOTE: Item 5.1 was dealt with at Item 2 of the minutes.

5.2 AUDITED FINANCIAL STATEMENTS AND MANAGEMENT LETTERS FOR YEAR ENDED 30 JUNE 2021

- Attachments:
1. Audit Management Letter - Financial Audit - Confidential
 2. Audit Management Letter - Information Systems - Confidential
 3. Annual Financial Audit - Exit brief – Confidential
 4. Auditor's Opinion
 5. Financial Statements as at 30 June 2021

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 ending 30 June 2021 at Attachments 1, 2 and 3;
2. RECEIVES the Audit Opinion (unsigned) for the year ended 30 June 2021 at Attachment 4;
3. RECEIVES the Audited Annual Financial Statements for the year ended 30 June 2021 at Attachment 5; and
4. RECOMMENDS to Council the adoption of the Audited Annual Financial Statements for the year ended 30 June 2021.

Moved: Cr Ioppolo, **Seconded:** Cr Wallace

That the recommendation be adopted.

Mr Ambrose and Mr Sweetman from the Officer of the Auditor General presented to the Audit Exit Brief as included in attachment 3 and outlined matters arising from the audit of the Annual Financial Statement to 30 June 2021.

COMMITTEE DECISION ITEM 5.2

That the recommendation be adopted.

CARRIED (4-0)

For: Mr Manifis, Cr Ioppolo, Cr Wallace, Cr Alexander

Against: Nil

(Cr Gontaszewski was an apology for the meeting.)

11.05am NOTE: Cr Wallace advised that he needed to depart the meeting.



Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 City of Vincent

To the Councillors of the City of Vincent

Report on the audit of the annual financial report

Opinion

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

- the Statement of Financial Position at 30 June 2021, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

In my opinion the financial report of the City of Vincent:

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

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

Emphasis of Matter – Restatement of comparative balances

I draw attention to Note 32 of the financial report which states that the amounts reported in the previously issued 30 June 2020 financial report have been restated and disclosed as comparatives in this financial report. My opinion is not modified in respect of this matter.

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

The Chief Executive Officer (CEO) of the City is responsible for the preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for 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 and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the City.

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

Auditor's responsibility for the audit of the financial report

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.

Report on other legal and regulatory requirements

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

- (i) In my opinion, the following material matters indicates a significant adverse trend in the financial position of the City:
 - a) The asset sustainability ratio as reported in Note 35 of the financial report has been below the Department of Local Government, Sport and Cultural Industries' standard for the current year and past 2 years.
 - b) The operating surplus ratio as reported in Note 35 of the financial report has been below Department of Local Government, Sport and Cultural Industries' basic standard for the current year and past 2 years.
- (ii) The following material matters indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
 - a) Access controls over a key system of the City were inadequate to enforce adequate segregation of duties. This could lead to inappropriate use of the system, however our audit testing did not identify any inappropriate use.
 - b) No evidence was retained to demonstrate whether changes to the employee master file, including bank account details, were being authorised by an officer other than the

person making the amendment. This increases the risk that unauthorised changes may be made, resulting in errors or funds being inappropriately transferred. Our audit did not identify any instances of unauthorised changes.

- c) The City's bank reconciliation and review process was inappropriately designed and was inadequate to identify a material error at 30 June 2021. The City has processed the required adjustment within the financial report and no material error remains.
 - d) The City has not reported the asset renewal funding ratio for the current year as required by the Local Government (Financial Management) Regulations 1996, as planned capital renewals in the long-term financial plan has not been reviewed and endorsed by Council.
- (iii) All required information and explanations were obtained by me.
 - (iv) All audit procedures were satisfactorily completed.
 - (v) In my opinion, the asset consumption ratio included in the financial report were supported by verifiable information and reasonable assumptions.

Other information

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

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

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 2021 included on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

Caroline Spencer
Auditor General For Western Australia
Perth, Western Australia
xx December 2021

CITY OF VINCENT
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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CITY'S VISION

To be a clever, creative and courageous local government.

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

AUDIT COMMITTEE MINUTES

10 DECEMBER 2021

CITY OF VINCENT
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	Restated* 2020 Actual \$
Revenue				
Rates	26(a)	35,819,566	35,664,316	35,678,835
Operating grants, subsidies and contributions	2(a)	1,385,085	794,656	2,010,681
Fees and charges	2(a)	16,356,743	10,094,536	15,757,119
Interest earnings	2(a)	458,820	663,205	813,755
Other revenue	2(a)	1,405,433	967,463	1,135,753
		<u>55,425,647</u>	<u>48,184,176</u>	<u>55,396,143</u>
Expenses				
Employee costs		(24,600,549)	(22,859,760)	(25,451,942)
Materials and contracts		(16,662,075)	(15,944,056)	(18,290,441)
Utility charges		(1,716,051)	(1,501,040)	(1,708,740)
Depreciation on non-current assets	11(c)	(12,061,727)	(11,875,779)	(11,906,859)
Interest expenses	2(b)	(488,444)	(491,960)	(602,866)
Insurance expenses		(512,653)	(510,179)	(494,843)
Other expenditure	2(b)	(1,034,283)	(2,591,208)	(1,384,571)
		<u>(57,075,782)</u>	<u>(55,773,982)</u>	<u>(59,840,262)</u>
		<u>(1,650,135)</u>	<u>(7,589,806)</u>	<u>(4,444,119)</u>
Non-operating grants, subsidies and contributions	2(a)	1,328,718	1,777,283	1,381,848
Profit on asset disposals	11(a)	149,585	6,502	271,501
(Loss) on asset disposals	11(a)	(907,347)	(13,303)	(86,359)
Fixed assets written off	11(b)	(571,438)	0	(290,823)
Profit from sale of land (Interest in Associates - TPRC)	25(b)	1,435,089	250,000	362,936
Net Share of Interest in Associates	24(b)	(258,307)	0	(3,361,560)
Change in Equity Local Govt House Trust		1,292	0	577
		<u>1,177,592</u>	<u>2,020,482</u>	<u>(1,721,880)</u>
Net result for the period		(472,543)	(5,569,324)	(6,165,999)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	14,196,066	0	585,681
Total other comprehensive income for the period		14,196,066	0	585,681
Total comprehensive income for the period		13,723,523	(5,569,324)	(5,580,318)

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

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AUDIT COMMITTEE MINUTES

10 DECEMBER 2021

CITY OF VINCENT
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	Restated* 2020 Actual \$
Revenue	2(a)			
Governance		52,989	43,000	39,309
General purpose funding		37,720,918	37,230,522	38,220,942
Law, order, public safety		306,272	300,000	245,028
Health		356,451	261,517	383,015
Education and welfare		137,949	98,646	120,304
Community amenities		979,549	775,806	1,272,861
Recreation and culture		7,495,476	4,908,294	8,220,621
Transport		7,597,037	4,109,953	6,246,878
Economic services		310,987	198,050	369,466
Other property and services		468,019	258,388	277,719
		<u>55,425,647</u>	<u>48,184,176</u>	<u>55,396,143</u>
Expenses	2(b)			
Governance		(3,089,251)	(3,338,549)	(3,585,162)
General purpose funding		(600,000)	(817,358)	(808,237)
Law, order, public safety		(4,182,681)	(1,285,545)	(4,022,525)
Health		(1,549,610)	(1,715,207)	(1,586,064)
Education and welfare		(464,002)	(785,516)	(1,082,228)
Community amenities		(13,536,461)	(12,152,096)	(13,510,444)
Recreation and culture		(21,984,099)	(18,749,557)	(23,950,274)
Transport		(8,877,213)	(13,528,324)	(8,410,348)
Economic services		(556,230)	(544,015)	(610,663)
Other property and services		(1,747,791)	(2,365,855)	(1,671,451)
		<u>(56,587,338)</u>	<u>(55,282,022)</u>	<u>(59,237,396)</u>
Finance Costs	2(b)			
Recreation and culture		(488,444)	(491,960)	(602,866)
		<u>(488,444)</u>	<u>(491,960)</u>	<u>(602,866)</u>
		<u>(1,650,135)</u>	<u>(7,589,806)</u>	<u>(4,444,119)</u>
Non-operating grants, subsidies and contributions	2(a)	1,328,718	1,777,283	1,381,848
Profit on disposal of assets	11(a)	149,585	6,502	271,501
(Loss) on disposal of assets	11(a)	(907,347)	(13,303)	(86,359)
Fixed assets written off	11(b)	(571,438)	0	(290,823)
Profit from sale of land (Interest in Associates - TPRC)	25(b)	1,435,089	250,000	362,936
Net Share of Interest in Associates	24(b)	(258,307)	0	(3,361,560)
Change in Equity Local Govt House Trust		1,292	0	577
		<u>1,177,592</u>	<u>2,020,482</u>	<u>(1,721,880)</u>
Net result for the period		(472,543)	(5,569,324)	(6,165,999)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	14,196,066	0	585,681
Total other comprehensive income for the period		14,196,066	0	585,681
Total comprehensive income for the period		13,723,523	(5,569,324)	(5,580,318)

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

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AUDIT COMMITTEE MINUTES

10 DECEMBER 2021

CITY OF VINCENT
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	NOTE	2021 \$	Restated* 2020 \$	Restated* 01/07/2019 \$
CURRENT ASSETS				
Cash and cash equivalents	3	6,834,701	7,539,213	6,969,088
Trade and other receivables	6(a)	2,925,566	3,071,887	2,918,536
Financial assets	5(a)	11,000	11,000	11,000
Financial assets at amortised cost	5(a)	19,022,321	12,643,934	17,995,781
Inventories	7	195,581	185,474	175,208
Other assets	8(a)	689,073	497,509	1,073,606
Assets classified as held for sale	8(a)	0	748,738	0
TOTAL CURRENT ASSETS		29,678,242	24,697,755	29,143,219
NON-CURRENT ASSETS				
Trade and other receivables	6(b)	1,936,043	1,283,110	908,879
Financial assets at fair value	5(b)	36,903	35,611	35,034
Inventories		0	0	105,822
Other assets	8(b)	680,965	0	0
Interests in associates	24(a)	6,541,814	6,269,274	9,688,250
Property, plant and equipment	9	221,673,717	210,866,855	212,786,679
Infrastructure	10	176,147,510	178,006,588	179,130,965
Right of use assets	15	209,823	329,536	0
TOTAL NON-CURRENT ASSETS		407,226,774	396,790,974	402,655,629
TOTAL ASSETS		436,905,016	421,488,729	431,798,848
CURRENT LIABILITIES				
Trade and other payables	13	8,018,989	6,702,482	7,200,886
Borrowings	17(a)	930,732	887,431	6,097,295
Employee related provisions	18	4,859,725	4,378,760	3,908,452
Contract and capital grant liabilities	14	1,424,144	534,290	298,646
Lease liabilities	16(a)	92,839	91,377	0
TOTAL CURRENT LIABILITIES		15,326,429	12,594,340	17,505,279
NON-CURRENT LIABILITIES				
Borrowings	17(a)	6,986,233	7,916,965	7,851,061
Employee related provisions	18	411,126	426,880	475,086
Lease liabilities	16(a)	70,601	163,440	0
TOTAL NON-CURRENT LIABILITIES		7,467,960	8,507,285	8,326,147
TOTAL LIABILITIES		22,794,389	21,101,625	25,831,426
NET ASSETS		414,110,627	400,387,104	405,967,422
EQUITY				
Retained surplus		116,617,783	118,045,261	122,604,900
Reserves - cash backed	4	11,931,460	10,976,525	12,582,885
Revaluation surplus	12	285,561,384	271,365,318	270,779,637
TOTAL EQUITY		414,110,627	400,387,104	405,967,422

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

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AUDIT COMMITTEE MINUTES

10 DECEMBER 2021

CITY OF VINCENT
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2019		118,881,460	12,582,885	351,221,361	482,685,706
Correction of a prior period error	32(a)	4,022,086	0	(80,441,724)	(76,419,638)
Change in Accounting Policy		(298,646)	0	0	(298,646)
Restated total equity at the beginning of the financial year		122,604,900	12,582,885	270,779,637	405,967,422
Net result for the period - as previously stated		(4,852,916)	0	0	(4,852,916)
Correction of a prior period error	32(b)	2,011,043	0	0	2,011,043
Change in Accounting Policy - Mindarie Regional Council Investment in Associate restatement	32	(3,324,126)	0	0	(3,324,126)
Other comprehensive income	12	0	0	585,681	585,681
Total comprehensive income		(6,165,999)	0	585,681	(5,580,318)
Transfers from/(to) reserves		1,606,360	(1,606,360)	0	0
Restated balance as at 30 June 2020		118,045,261	10,976,525	271,365,318	400,387,104
Net result for the period		(472,543)	0	0	(472,543)
Other comprehensive income	12	0	0	14,196,066	14,196,066
Total comprehensive income		(472,543)	0	14,196,066	13,723,523
Transfers from/(to) reserves		(954,935)	954,935	0	0
Balance as at 30 June 2021		116,617,783	11,931,460	285,561,384	414,110,627

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

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AUDIT COMMITTEE MINUTES

10 DECEMBER 2021

CITY OF VINCENT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	Restated* 2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		35,383,212	35,664,316	35,248,770
Operating grants, subsidies and contributions		2,274,940	496,356	2,246,324
Fees and charges		16,550,809	10,094,536	15,705,060
Interest received		458,820	663,205	813,755
Goods and services tax received		1,347,428	0	1,182,126
Other revenue		1,405,433	967,463	1,173,973
		57,420,642	47,885,876	56,370,008
Payments				
Employee costs		(24,135,340)	(22,859,760)	(25,029,840)
Materials and contracts		(16,391,088)	(15,944,056)	(18,172,866)
Utility charges		(1,716,050)	(1,501,040)	(1,708,740)
Interest expenses		(488,444)	(491,960)	(602,866)
Insurance expenses		(512,653)	(510,179)	(494,843)
Goods and services tax paid		(1,425,692)	0	(1,285,070)
Other expenditure		(1,057,460)	(2,591,208)	(1,308,516)
		(45,726,727)	(43,898,203)	(48,602,741)
Net cash provided by/(used in) operating activities	19	11,693,914	3,987,673	7,767,267
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(4,196,811)	(6,270,308)	(4,760,636)
Payments for construction of infrastructure		(3,955,559)	(4,199,844)	(4,736,567)
Subsidies and contributions		1,328,721	1,777,283	1,381,848
Proceeds from sale of property, plant & equipment		1,032,417	90,000	564,646
Distributions from Investment in Associates		750,000	250,000	250,000
Proceeds from financial assets at amortised cost - term deposits		(6,378,387)	0	5,351,846
Net cash provided by/(used in) investment activities		(11,419,618)	(8,352,869)	(1,948,862)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings		(887,431)	(887,430)	(6,143,960)
Proceeds from new borrowings		0	0	1,000,000
Payments for principal portion of lease liabilities		(91,376)	(91,377)	(104,320)
Net cash provided by/(used in) financing activities		(978,807)	(978,807)	(5,248,280)
Net increase/(decrease) in cash held		(704,511)	(5,344,003)	570,125
Cash at beginning of year		7,539,213	23,003,755	6,969,088
Cash and cash equivalents at the end of the year	19	6,834,701	17,659,752	7,539,213

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

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AUDIT COMMITTEE MINUTES

10 DECEMBER 2021

CITY OF VINCENT
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	27 (c)	2,122,499	1,615,763	5,811,178
		2,122,499	1,615,763	5,811,178
Revenue from operating activities (excluding rates)				
Governance		54,281	43,000	39,886
General purpose funding		1,901,352	1,566,206	2,542,107
Law, order, public safety		326,058	300,000	287,943
Health		356,451	261,517	398,145
Education and welfare		137,949	100,557	120,304
Community amenities		1,035,174	777,134	1,297,916
Recreation and culture		7,517,535	4,911,558	8,222,623
Transport		7,597,037	4,109,953	6,246,879
Economic services		321,523	448,050	369,466
Other property and services		1,686,380	258,387	827,054
		20,933,740	12,776,362	20,352,323
Expenditure from operating activities				
Governance		(3,089,254)	(3,338,549)	(3,585,159)
General purpose funding		(600,000)	(817,358)	(808,237)
Law, order, public safety		(4,182,681)	(1,285,545)	(4,158,866)
Health		(1,549,610)	(1,715,207)	(1,586,190)
Education and welfare		(1,248,356)	(785,516)	(1,082,228)
Community amenities		(13,536,460)	(12,152,555)	(13,510,444)
Recreation and culture		(23,161,859)	(19,254,361)	(24,642,060)
Transport		(8,877,212)	(13,528,324)	(8,475,910)
Economic services		(556,230)	(544,015)	(610,662)
Other property and services		(1,752,904)	(2,365,855)	(5,119,246)
		(58,554,566)	(55,787,285)	(63,579,002)
Non-cash amounts excluded from operating activities	27(a)	12,179,065	11,632,580	15,084,521
Amount attributable to operating activities		(23,319,262)	(29,762,580)	(22,330,981)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,328,718	1,777,283	1,381,848
Proceeds from disposal of assets	11(a)	1,032,417	90,000	564,646
Distributions from Joint Arrangements		750,000	250,000	250,000
Purchase of property, plant and equipment	9(a)	(4,196,811)	(6,270,308)	(4,760,635)
Purchase and construction of infrastructure	10(a)	(3,955,559)	(4,199,844)	(4,736,567)
		(5,041,234)	(8,352,869)	(7,300,709)
Non-cash amounts excluded from investing activities		600,000	0	(282,726)
Amount attributable to investing activities		(4,441,234)	(8,352,869)	(7,583,435)
FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(887,431)	(887,430)	(6,143,960)
Proceeds from borrowings	17(b)	0	0	1,000,000
Transfers to reserves (restricted assets)	4	(4,168,407)	(809,449)	(3,313,605)
Transfers from reserves (restricted assets)	4	3,213,472	4,057,183	4,919,965
Payments for principal portion of lease liabilities		(91,377)	(91,377)	(104,320)
Amount attributable to financing activities		(1,933,743)	2,268,927	(3,641,920)
Surplus/(deficit) before imposition of general rates		(29,694,239)	(35,846,522)	(33,556,336)
Total amount raised from general rates	26	35,819,566	35,664,316	35,678,835
Surplus/(deficit) after imposition of general rates	27(c)	6,125,327	(182,206)	2,122,499

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

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CITY OF VINCENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

1. BASIS OF PREPARATION

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

The *Local Government Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the City to measure any vested improvements at zero cost.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the 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.

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 29 to these financial statements.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

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

The adoption of these standards had no material impact on the 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 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

It is not expected these standards will have an impact on the financial report.

CRITICAL ACCOUNTING ESTIMATES

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

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

AUDIT COMMITTEE MINUTES

10 DECEMBER 2021

CITY OF VINCENT
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by Council annually	When taxable event occurs	Not applicable	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by Council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by Council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
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	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by Council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
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	Adopted by Council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by Council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by Council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by Council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Kiosk and Beatty Park retail stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

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AUDIT COMMITTEE MINUTES

10 DECEMBER 2021

CITY OF VINCENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions			
General purpose funding	1,108,969	575,000	1,185,135
Law, order, public safety	23,403	53,000	3,559
Health	3,791	3,500	4,841
Education and welfare	10,000	9,500	4,000
Community amenities	138,776	16,800	313,851
Recreation and culture	63,610	68,197	430,991
Transport	0	25,000	24,343
Economic services	812	2,200	2,067
Other property and services	35,723	41,459	41,894
	1,385,085	794,656	2,010,681
Non-operating grants, subsidies and contributions			
Law, order, public safety	0	0	247,286
Community amenities	5,312	0	0.00
Recreation and culture	569,352	270,557	157,986
Transport	754,054	1,506,726	976,576
	1,328,718	1,777,283	1,381,848
Total grants, subsidies and contributions	2,713,803	2,571,939	3,392,529
Fees and Charges			
Governance	216	0	798
General purpose funding	332,236	290,000	402,168
Law, order, public safety	282,870	247,000	235,649
Health	349,705	254,242	374,718
Education and welfare	85,809	65,465	78,153
Community amenities	837,247	758,506	928,691
Recreation and culture	6,468,029	4,132,700	7,034,818
Transport	7,596,810	4,071,894	6,252,688
Economic services	305,737	194,100	364,268
Other property and services	98,085	80,629	85,168
	16,356,743	10,094,536	15,757,119

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

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AUDIT COMMITTEE MINUTES

10 DECEMBER 2021

CITY OF VINCENT
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and
 transfers for recognisable non-financial assets

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City was recognised during the year for the following nature or types of goods or services:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Non-operating grants, subsidies and contributions	1,328,718	1,777,283	1,381,848
	<u>1,328,718</u>	<u>1,777,283</u>	<u>1,381,848</u>
Transfers intended for acquiring or constructing recognisable non financial assets included as a contract liability at the start of the period	166,000	0	282,726
Other revenue from performance obligations satisfied during the year	1,162,718	1,777,283	1,099,122
	<u>1,328,718</u>	<u>1,777,283</u>	<u>1,381,848</u>

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

Contract assets	4,000	0	0
Contract liabilities from contracts with customers	497,633	0	368,289
Capital grant liabilities from transfers for recognisable non financial assets	926,511	0	166,000

Contract assets primarily relate to the City's right to consideration for work completed but not billed at 30 June 2021. Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'. Contract liabilities for contracts with customers primarily relate to prepayments of membership fees relating to Beatty Park Leisure Centre and grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met. Consideration from contracts with customers is included in the transaction price. Performance obligations in relation to capital grant liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset.

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AUDIT COMMITTEE MINUTES

10 DECEMBER 2021

CITY OF VINCENT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	35,819,566	35,664,316	35,678,835
Specified area rates	0	0	0
Service charges	0	0	0
Statutory permits and licences	619,923	532,504	164,034
Fines	2,209,051	1,301,000	1,905,683
Developer contributions	0	0	0
	<u>38,648,540</u>	<u>37,497,820</u>	<u>37,748,552</u>

Other revenue

Reimbursements and recoveries	1,136,259	953,463	955,392
Other	269,174	14,000	180,360
	<u>1,405,433</u>	<u>967,463</u>	<u>1,135,753</u>

Interest earnings

Municipal funds	58,488	230,000	297,684
Reserve funds	91,295	180,205	223,720
Rates instalment and penalty interest (refer Note 26(c))	307,439	253,000	290,973
Other interest earnings	1,598	0	1,378
	<u>458,820</u>	<u>663,205</u>	<u>813,755</u>

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (Continued)

(after deduction of the loss allowance).

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

(b) Expenses

Auditors remuneration

Audit of the Annual Financial Report	55,000	70,000	55,000
	<u>55,000</u>	<u>70,000</u>	<u>55,000</u>

Interest expenses (finance costs)

Borrowings (refer Note 17(b))	485,181	488,697	601,738
Lease liabilities	3,263	3,263	1,128
	<u>488,444</u>	<u>491,960</u>	<u>602,866</u>

Other expenditure

Loss allowance on trade and other receivables	0	0	76,054
Reversal of loss allowance on trade and other receivables recognised in the prior year	(23,178)	0	0
Sundry expenses	1,057,461	2,591,208	1,308,517
	<u>1,034,283</u>	<u>2,591,208</u>	<u>1,384,571</u>

In addition to the credit loss allowance recognition required as per AASB 9, the City has incorporated additional credit risk associated with the effects of COVID-19 on the local economy.

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CITY OF VINCENT
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

3. CASH AND CASH EQUIVALENTS

NOTE	2021 \$	2020 \$
Cash at Bank and on hand	6,834,701	7,539,213
Term deposits	0	0
Total cash and cash equivalents	6,834,701	7,539,213
Comprises:		
- Cash and cash equivalents	2,321,754	3,672,333
- Term deposits maturity < 3 months	0	0
- Restricted cash	4,512,947	3,866,880
	6,834,701	7,539,213
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Reserves - cash backed	2,009,139	3,332,590
Payable to Leederville Garden	1,079,664	0
Contract liabilities from contracts with customers	497,633	368,289
Capital grant liabilities from transfers for recognisable non financial assets	926,511	166,000
Total restricted cash and cash equivalents	4,512,947	3,866,880

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

AUDIT COMMITTEE MINUTES

10 DECEMBER 2021

CITY OF VINCENT
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

4. RESERVES - CASH BACKED	2021	2021	2021	2021	2021	2021	2021	2021	2020	2020	2020	2020
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Actual	Actual	Actual	Actual
	Opening	Transfer	Transfer	Closing	Opening	Transfer	Transfer	Closing	Opening	Transfer	Transfer	Closing
	Balance	to	(from)	Balance	Balance	to	(from)	Balance	Balance	to	(from)	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Asset Sustainability Reserve	5,293,197	3,088,873	(2,632,668)	5,749,402	5,295,417	245,341	(2,819,583)	2,721,175	4,135,384	1,532,182	(374,349)	5,293,197
(b) Beatty Park Leisure Centre Reserve	101,218	878	0	102,096	101,281	1,632	0	102,913	99,246	1,972	0	101,218
(c) Cash in Lieu Parking Reserve	1,926,192	22,006	(336,634)	1,611,564	1,926,742	31,052	(516,000)	1,441,794	1,867,959	58,233	0	1,926,192
(d) 246 Vincent Street Building Reserve	401,156	3,475	(92,706)	311,925	401,432	6,470	(196,000)	211,902	421,187	8,149	(28,180)	401,156
(e) Hyde Park Lake Reserve	159,269	1,380	0	160,649	159,367	2,568	0	161,935	156,166	3,103	0	159,269
(f) Land and Building Acquisition Reserve	297,471	2,578	0	300,049	297,653	4,797	0	302,450	291,677	5,794	0	297,471
(g) Leederville Oval Reserve	94,069	816	0	94,885	94,178	1,518	0	95,696	164,016	60,053	(130,000)	94,069
(h) Loftus Community Centre Reserve	36,901	318	0	37,219	36,922	595	0	37,517	31,481	5,420	0	36,901
(i) Loftus Recreation Centre Reserve	171,525	48,971	0	220,496	172,850	54,450	0	227,300	118,291	53,234	0	171,525
(j) Parking Facility and Equipment Reserve	105,607	914	0	106,521	105,672	1,703	0	107,375	103,550	2,057	0	105,607
(k) Percent for Art Reserve	488,867	64,174	(151,464)	401,577	529,109	8,527	(525,600)	12,036	200,000	288,867	0	488,867
(l) Plant and Equipment Reserve	22,483	197	0	22,680	22,601	364	0	22,965	188,734	3,749	(170,000)	22,483
(m) Public Open Space Reserve - Haynes Street	0	159,265	0	159,265	0	160,408	0	160,408	0	0	0	0
(n) State Gymnastics Centre Reserve	110,197	9,226	0	119,423	109,897	11,453	0	121,350	102,201	7,996	0	110,197
(o) Strategic Waste Management Reserve	997,471	8,642	0	1,006,113	997,361	16,073	0	1,013,434	21,965	975,506	0	997,471
(p) Tamala Park Land Sales Reserve	340,902	752,968	0	1,093,870	345,244	255,564	0	600,808	4,259,422	298,916	(4,217,436)	340,902
(q) Underground Power Reserve	210,051	1,819	0	211,870	210,180	3,387	0	213,567	205,961	4,090	0	210,051
(r) Waste Management Plant and Equipment Reserve	219,949	1,907	0	221,856	220,084	3,547	0	223,631	215,665	4,284	0	219,949
	10,976,525	4,168,407	(3,213,472)	11,931,460	11,025,990	809,449	(4,057,183)	7,778,256	12,582,885	3,313,605	(4,919,965)	10,976,525

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4. RESERVES - CASH BACKED (CONTINUED)

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Asset Sustainability Reserve	Ongoing	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.
(b) Beatty Park Leisure Centre Reserve	Ongoing	For the major upgrade and redevelopment of the Beatty Park Leisure Centre including the replacement or purchase of major plant, equipment, fixtures and fittings.
(c) Cash In Lieu Parking Reserve	Ongoing	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.
(d) 246 Vincent Street Building Reserve	Ongoing	For major building upgrade, maintenance, repairs, renovation and replacement of floorcovering, fixtures and fittings associated with the new Office Building and Land.
(e) Hyde Park Lake Reserve	Ongoing	For works associated with the investigation, maintenance, remedial works and the rehabilitation of the Hyde Park Lakes and surrounds.
(f) Land and Building Acquisition Reserve	Ongoing	To ensure that proceeds of real assets disposed of are restricted to purchase other land and buildings for civic purposes.
(g) Leederville Oval Reserve	Ongoing	For the works associated with the maintenance, repairs, upgrade and replacement of Leederville Oval buildings, fixtures, fittings and associated land.
(h) Loftus Community Centre Reserve	Ongoing	This reserve is for the purpose of capital improvements, including replacing major items of plant and equipment or renewal and modifications to the Centre.
(i) Loftus Recreation Centre Reserve	Ongoing	This reserve is for the purpose of capital improvements, including replacing major items of plant and equipment or renewal and modifications to the Centre.
(j) Parking Facility and Equipment Reserve	Ongoing	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.
(k) Percent for Art Reserve	Ongoing	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.
(l) Plant and Equipment Reserve	Ongoing	For the purchase of replacement plant and equipment associated with City's works.
(m) Public Open Space Reserve - Haynes Street	Ongoing	For the future development of POS at Haynes Street
(n) State Gymnastics Centre Reserve	Ongoing	This reserve is for the purpose of capital improvements, including replacing major items of plant and equipment or renewal and modifications to the Centre.
(o) Strategic Waste Management Reserve	Ongoing	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).
(p) Tamala Park Land Sales Reserve	Ongoing	For future significant/major capital works, infrastructure, project or debt reduction programme for the benefit of the City.
(q) Underground Power Reserve	Ongoing	For the purpose of funding the City's contribution to approved underground power projects.
(r) Waste Management Plant and Equipment Reserve	Ongoing	For the purpose of replacing plant and equipment associated with the City's waste management, minimisation and recycling operations.

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5. FINANCIAL ASSETS

(a) Current assets

Financial assets at fair value through profit and loss
 Shares in unlisted corporation - North Perth Community
 Financial Services Ltd

	2021	2020
	\$	\$
	11,000	11,000
	<u>11,000</u>	<u>11,000</u>

Financial assets at amortised cost

- Financial assets at amortised cost - term deposits
 (Maturity > 3 months)

	19,022,321	12,643,934
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Comprises:

Unrestricted Term deposits - Municipal
 Restricted Term deposits - Reserves

	9,100,000	5,000,000
	9,922,321	7,643,934
	<u>19,022,321</u>	<u>12,643,934</u>

(b) Non-current assets

Financial assets at fair value through profit and loss
 Investment in Local Government House Trust

	36,903	35,611
	<u>36,903</u>	<u>35,611</u>

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 cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 28.

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6. TRADE AND OTHER RECEIVABLES

	2021	2020
	\$	\$
(a) Current assets		
Rates outstanding	937,939	661,370
Sundry debtors	814,585	687,090
Allowance for impairment of receivables	(181,916)	(194,671)
GST receivable	467,333	389,066
Infringement Debtors	1,086,276	1,710,343
Allowance for impairment of infringement debtors	(198,651)	(181,311)
	2,925,566	3,071,887
(b) Non-current		
Rates outstanding	574,866	405,356
Rates outstanding - pensioners	135,459	145,187
Infringement Debtors	1,436,572	971,183
Allowance for impairment of infringement debtors	(210,854)	(238,616)
	1,936,043	1,283,110

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 28.

Classification and subsequent measurement

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

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

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

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7. INVENTORIES

Current

	2021 \$	2020 \$
Depot	116,838	82,205
Beatty Park Leisure Centre	78,743	103,269
	195,581	185,474

The following movements in inventories occurred during the year:

Carrying amount at 1 July	185,474	281,030
Inventories expensed during the year	(489,588)	(107,196)
Additions/(Disposals) to inventory	499,695	11,640
Carrying amount at 30 June	195,581	185,474

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.

Land held for resale (Continued)

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.

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8. OTHER ASSETS

	2021 \$	2020 \$
(a) Current assets		
Other assets		
Deposits and Prepayments	464,578	272,632
Lease incentive	162,500	0
Accrued Income	61,995	224,877
	689,073	497,509
Assets classified as held for sale		
Land - freehold	0	748,738
	0	748,738
(b) Non-current		
Lease incentive	680,965	0
	680,965	0

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.

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.

Current assets held for sale (Continued)

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 the land was determined in 2017 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 11

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9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.
Please refer to Note 15 for Right of Use Assets.

	Land - freehold land	Total land	Buildings*	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	PPE - Work in Progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restated Balance at 1 July 2019*	128,067,500	128,067,500	78,623,924	78,623,924	206,691,424	929,273	4,902,958	263,024	212,786,679
Additions	0	0	2,147,470	2,147,470	2,147,470	74,931	2,227,874	310,360	4,760,635
(Disposals)	0	0	0	0	0	0	(379,504)	0	(379,504)
Fixed assets written off	0	0	0	0	0	(45,150)	(245,074)	0	(290,824)
Revaluation increments / (decrements) transferred to revaluation surplus	(79,000)	(79,000)	0	0	(79,000)	0	835,033	0	756,033
Depreciation (expense)	0	0	(4,516,043)	(4,516,043)	(4,516,043)	(314,272)	(1,186,211)	0	(6,017,426)
Transfer to Other Current Assets (Assets held for sale)	(748,738)	(748,738)	0	0	(748,738)	0	0	0	(748,738)
Transfers	0	0	217,047	217,047	217,047	18,000	0	(235,053)	0
Carrying amount at 30 June 2020	127,239,762	127,239,762	76,471,498	76,471,498	203,711,260	662,788	6,154,476	338,331	210,866,855
Comprises:									
Gross carrying amount at 30 June 2020	127,239,762	127,239,762	156,208,048	156,208,048	286,447,810	4,002,681	11,805,243	338,331	302,594,065
Accumulated depreciation at 30 June 2020	0	0	(82,736,550)	(82,736,550)	(82,736,550)	(3,339,893)	(5,650,767)	0	(91,727,210)
Carrying amount at 30 June 2020	127,239,762	127,239,762	76,471,498	76,471,498	203,711,260	662,788	6,154,476	338,331	210,866,855
Additions	0	0	893,593	893,593	893,593	38,435	333,473	2,031,310	4,106,811
(Disposals)	(702,000)	(702,000)	(82,354)	(82,354)	(784,354)	0	(237,825)	0	(1,022,179)
Fixed assets written off	0	0	(571,438)	(571,438)	(571,438)	0	0	0	(571,438)
Revaluation increments / (decrements) transferred to revaluation surplus	9,289,500	9,289,500	5,060,808	5,060,808	14,350,308	0	0	0	14,350,308
Depreciation (expense)	0	0	(4,439,011)	(4,439,011)	(4,439,011)	(230,083)	(1,458,304)	0	(6,127,378)
Transfers	(19,262)	(19,262)	253,654	253,654	234,392	27,071	39,600	(321,225)	(19,262)
Carrying amount at 30 June 2021	135,808,000	135,808,000	77,586,751	77,586,751	213,364,751	499,131	4,831,420	2,048,416	221,673,717
Comprises:									
Gross carrying amount at 30 June 2021	135,808,000	135,808,000	163,316,500	163,316,500	296,127,500	4,069,087	11,161,361	2,048,416	317,336,364
Accumulated depreciation at 30 June 2021	0	0	(85,732,750)	(85,732,750)	(85,732,750)	(3,569,956)	(6,359,941)	0	(95,692,047)
	135,808,000	135,808,000	77,586,750	77,586,750	213,364,750	499,131	4,831,420	2,048,416	221,673,717

*Please refer to Note 32(c) for prior year adjustments

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9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2/3	Market and Cost Approach	Independent Valuation	June 2021	Sales evidence of similar assets, estimates of replacement cost, residual value,
Buildings	2/3	Market and Cost Approach	Independent Valuation	June 2021	Estimates of useful life, pattern of consumption, asset condition, residual value and relationship to the assessed remaining service potential of the depreciable amount.

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

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

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

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10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Right of Way	Infrastructure - Drainage	Infrastructure - Park Development	Infrastructure - Car Park Development	Other Infrastructure Assets	Infrastructure Work In Progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	109,634,325	21,612,052	8,504,758	17,175,390	11,225,520	3,542,246	7,243,554	193,121	179,130,965
Additions	1,968,723	245,413	58,648	134,342	687,314	180,058	702,389	759,680	4,736,567
Transfer to Expense	0	0	0	0	0	(1,113)	0	0	(1,113)
Depreciation (expense)	(2,991,904)	(713,111)	(205,467)	(238,846)	(886,724)	(279,463)	(544,316)	0	(5,859,831)
Transfers	2,191	0	0	0	43,540	0	0	(45,731)	0
Carrying amount at 30 June 2020	108,613,335	21,144,354	8,357,939	17,070,886	11,069,650	3,441,728	7,401,627	907,070	178,006,588
Comprises:									
Gross carrying amount at 30 June 2020	145,626,731	32,607,069	11,462,044	29,176,989	17,621,216	8,594,139	14,647,623	907,070	260,642,881
Accumulated depreciation at 30 June 2020	(37,013,396)	(11,462,716)	(3,104,105)	(12,106,103)	(6,551,566)	(5,152,411)	(7,245,996)	0	(82,636,293)
Carrying amount at 30 June 2020	108,613,335	21,144,354	8,357,939	17,070,886	11,069,650	3,441,728	7,401,627	907,070	178,006,588
Additions	2,451,332	157,440	54,060	47,404	164,659	94,774	267,282	718,608	3,955,559
Depreciation (expense)	(3,067,005)	(719,689)	(208,242)	(240,186)	(777,891)	(244,250)	(557,374)	0	(5,814,637)
Transfers	144,900	0	0	0	759,097	0	0	(903,997)	0
Carrying amount at 30 June 2021	108,142,561	20,582,104	8,203,758	16,878,105	11,215,514	3,292,252	7,111,535	721,681	176,147,510
Comprises:									
Gross carrying amount at 30 June 2021	148,222,963	32,764,509	11,516,105	29,224,394	18,544,972	8,688,914	14,914,905	721,681	264,598,442
Accumulated depreciation at 30 June 2021	(40,080,402)	(12,182,407)	(3,312,347)	(12,346,288)	(7,329,458)	(5,396,660)	(7,803,370)	0	(88,450,933)
Carrying amount at 30 June 2021	108,142,561	20,582,101	8,203,758	16,878,106	11,215,514	3,292,253	7,111,535	721,681	176,147,510

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10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Measurements based on unobservable inputs for the asset of liability.	Independent Valuation	June 2018	Residual Value and useful life estimates - Level 3
Infrastructure - Foothpaths	3	Measurements based on unobservable inputs for the asset of liability.	Independent Valuation	June 2018	Residual Value and useful life estimates - Level 3
Infrastructure - Right of Way	3	Measurements based on unobservable inputs for the asset of liability.	Independent Valuation	June 2018	Residual Value and useful life estimates - Level 3
Infrastructure - Drainage	3	Measurements based on unobservable inputs for the asset of liability.	Independent Valuation	June 2018	Residual Value and useful life estimates - Level 3
Infrastructure - Park Development	3	Measurements based on unobservable inputs for the asset of liability.	Independent Valuation	June 2018	Residual Value and useful life estimates - Level 3
Infrastructure - Car Park Development	3	Measurements based on unobservable inputs for the asset of liability.	Independent Valuation	June 2018	Residual Value and useful life estimates - Level 3
Other Infrastructure Assets	3	Measurements based on unobservable inputs for the asset of liability.	Independent Valuation	June 2018	Residual Value and useful life estimates - Level 3

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

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

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11. PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE

SIGNIFICANT ACCOUNTING POLICIES**Fixed assets**

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

The fair value of land, buildings and infrastructure 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.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY Revaluation (Continued)

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

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

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

Refer to Note 15 that details the significant accounting policies applying to leases (including right-of-use assets).

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11. PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE

(a) Disposals of Assets

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - vested in and under the control of Council												
Recreation and culture	1,470,000	650,120	0	(819,880)	0	0	0	0	0	0	0	0
	1,470,000	650,120	0	(819,880)	0	0	0	0	0	0	0	0
Buildings												
Recreation and culture	82,354	0	0	(82,354)	0	0	0	0	0	0	0	0
	82,354	0	0	(82,354)	0	0	0	0	0	0	0	0
Plant and Equipment												
General Administration	152,784	265,600	112,816	0	0	0	0	0	6,141	34,427	28,288	0
Law, order, public safety	0	0	0	0	0	0	0	0	5,212	48,127	42,915	0
Health	0	0	0	0	0	0	0	0	165,933	102,849	14,033	(77,119)
Education and welfare	0	0	0	0	11,390	13,300	1,910	0	0	0	0	0
Community amenities	62,027	56,914	0	(5,114)	22,431	23,300	1,328	(459)	9,106	24,427	15,321	0
Recreation and culture	0	0	0	0	62,980	53,400	3,264	(12,844)	0	0	0	0
Economic services	0	0	0	0	0	0	0	0	0	0	0	0
Other property and services	23,014	59,783	36,769	0	0	0	0	0	193,112	354,816	170,944	(9,240)
	237,825	382,297	149,585	(5,114)	96,801	90,000	6,502	(13,303)	379,504	564,646	271,501	(86,359)
Total	1,790,179	1,032,417	149,585	(907,347)	96,801	90,000	6,502	(13,303)	379,504	564,646	271,501	(86,359)

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

(b) Fixed assets written off

The following assets were written off during the year.

	2021 Actual Net Book Value \$	2021 Actual Sale Proceeds \$	2021 Actual Profit \$	2021 Actual Loss \$	2020 Actual Net Book Value \$	2020 Actual Sale Proceeds \$	2020 Actual Profit \$	2020 Actual Loss \$
Building								
Recreation and Culture	571,438	0	0	(571,438)				
	571,438	0	0	(571,438)	0	0	0	0
Furniture, Plant and Equipment								
Economic Services	0	0	0	0	59,427	0	0	(59,427)
Recreation and Culture	0	0	0	0	29,491	0	0	(29,491)
Transport	0	0	0	0	201,905	0	0	(201,905)
	0	0	0	0	290,823	0	0	(290,823)
Total expensed	571,438	0	0	(571,438)	290,823	0	0	(290,823)

The assets above have been written off as part of the asset verification exercise undertaken as part of the revaluation exercise of Land and Buildings.

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

(c) Depreciation	2021	2021	Restated*
	Actual	Budget	2020 Actual
	\$	\$	\$
Buildings	4,439,011	4,491,267	4,516,944
Furniture and equipment	230,063	312,646	314,272
Plant and equipment	1,458,304	1,187,593	1,186,211
Infrastructure - Roads	3,067,005	2,947,104	2,991,904
Infrastructure - Foothpaths	719,689	711,619	713,111
Infrastructure - Right of Way	208,242	205,467	205,467
Infrastructure - Drainage	240,186	238,547	238,846
Infrastructure - Park Development	777,891	862,456	886,724
Infrastructure - Car Park Development	244,250	276,268	279,463
Other Infrastructure Assets	557,374	525,062	544,316
Right of Use Assets - Plant and Equipment	119,713	117,750	29,601
	12,061,727	11,875,779	11,906,859

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings	15 to 80 years
Furniture and equipment	3 to 20 years
Plant and equipment	3 to 30 years
Sealed roads and streets	
Subgrade structure	not depreciated
Formation	not depreciated
Pavement	60 to 120 years
Seal	
- bituminous seals	20 years
- asphalt surfaces	30 years

Depreciation rates (continued)

Asset Class	Useful life
Footpaths	5 to 50 years
Water supply and Drainage systems	30 to 120 years
Car park infrastructure	
Subgrade structure	not depreciated
Other infrastructure	10 to 60 years
Parks infrastructure	
Reticulation	30 years
Parks other infrastructure	7 to 80 years
Right of use Asset (plant and equipment)	3 years

Depreciation on revaluation

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

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

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11. FIXED ASSET (CONTINUED)

(d) Fair Value Measurement

The City measures the following assets on a recurring basis:

- Land and Buildings
- Roads
- Footpaths
- Rights of Way
- Drainage
- Park Development
- Car Park Development
- Other Infrastructure Assets

The following table provides the fair values of the City's assets measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

Recurring Fair Value Measurements

Non-Financial Assets 30 June 2021

	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Land	9	0	67,885,000	67,923,000	135,808,000
Buildings	9	0	893,700	76,693,050	77,586,750
Roads	10	0	0	108,142,561	108,142,561
Footpaths	10	0	0	20,582,101	20,582,101
Rights of Way	10	0	0	8,203,758	8,203,758
Drainage	10	0	0	16,878,106	16,878,106
Park Development	10	0	0	11,215,514	11,215,514
Car Park Development	10	0	0	3,292,253	3,292,253
Other Infrastructure	10	0	0	7,111,535	7,111,535
Total non-financial assets recognised at fair value on a recurring basis		0	68,778,700	320,041,877	388,820,577

Non-Financial Assets 30 June 2020 - Re-stated

	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Land	9	0	127,239,762	0	127,239,762
Buildings	9	0	1,177,142	75,294,356	76,471,498
Roads	10	0	0	108,613,335	108,613,335
Footpaths	10	0	0	21,144,354	21,144,354
Rights of Way	10	0	0	8,357,939	8,357,939
Drainage	10	0	0	17,070,886	17,070,886
Park Development	10	0	0	11,069,650	11,069,650
Car Park Development	10	0	0	3,441,728	3,441,728
Other Infrastructure	10	0	0	7,401,627	7,401,627
Total non-financial assets recognised at fair value on a recurring basis		0	128,416,904	252,393,874	380,810,778

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11. FIXED ASSET (CONTINUED)

(d) Fair Value Measurement (Continued)

Valuation techniques and inputs used to derive fair values

Recurring fair value measurements

Land

The City's land was valued by independent registered valuers as at 30 June 2021. The valuation has been conducted in accordance with Australian Accounting Standards, including AASB 13 Fair Value Measurement and AASB 116 Property, Plant and Equipment, as well as the Local Government Act 1995 and accompanying regulations. The valuation excludes any Assets held for sale, under construction or work in progress, finance costs, stock or inventory, goodwill and intellectual property.

The current City of Vincent Local Planning Scheme No.2 was gazetted on 9 January 2004 and has been considered in determining the highest and best use of the land. Council land values have been assessed on the existing zoning unless there is a high likelihood that the Council would be receptive to a change of use for particular sites.

The valuations have been undertaken having regard to available sales evidence in the locality in which the land assets are located. Where local sales were not available evidence was sourced from other localities considered to be of relevance. The type of sales found was determined in consideration with a number of factors such as the zoning of the subject land, neighbouring land uses and physical characteristics. It is often the case that the subject land is zoned for community type purposes which limits the value of the asset. Where possible comparisons with sales of a similar zoning was made. However, where there was a lack of evidence adjustments were made to take into account the differing zoning. For example, a lot zoned Community Facilities in a residential area may be considered having regard to residential land values and adjustments made for zoning as required.

Where there is a lack of comparable sales evidence then it is more likely that Level 3 will be adopted. This is typically the case where the zoning is constrained such as with a community or open space type zoning and there is very limited comparable sales. Sales of constrained land such as community and open space land rarely transact so a higher level of judgement is required in providing a valuation assessment. The hierarchy level adopted will depend on the availability and

Buildings

The Building asset class includes buildings owned by City of Vincent which have been measured at market value as at 30 June 2021. City's valuer has researched sales evidence across the relevant local markets. Value adjustments for considerations such as location, development potential, aspect, size and date of sale have been made to the most appropriate evidence to determine fair value.

The City's building & improvement assets such as the City's Depot, Community Halls and Club houses, Pavilion, etc. which are considered to be of a "specialised nature" (non – market type properties which are not readily traded in the market place) are valued in 2021 by professionally qualified Registered Valuers using the cost approach. This approach is commonly referred to as the depreciated replacement cost (DRC).

The "DRC" approach determines the current gross replacement cost to construct a modern equivalent asset. The main sources of cost data includes cost guides such as Rawlinsons and Cordells which provide indicative unit rates for a variety of building and infrastructure assets as well as material, plant and labour costs for commercial and domestic construction. It also utilises recent Council project costs where the asset cost is readily identifiable. These costs are analysed and considered in relation to the relative asset. Where necessary unit rates have been built-up for specific assets using material, labour and plant inputs. Allowances for physical depreciation have been systematically categorised into one of the following categories: deferred maintenance; short life physical deterioration; and long life physical deterioration. The determination of the condition assessment has been based on the valuer's on-site assessments in discussion with appropriate City's Asset Management and Property Services staff. Physical deterioration and obsolescence deductions will generally include significant professional judgement and be considered level 3 inputs. Sensitivity analysis for all reasonable alternative outcomes for the input would be carried out unless such appropriate outcomes do not exist or would be hypothetical. For fair value measurements with differing level inputs, the fair value measurement will be categorised in its entirety at the lowest level input that is significant to the entire measurement. Generally, obsolescence has a significant effect on fair value and assets assessed using the cost approach are classified at level 3 in the fair value hierarchy.

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11. FIXED ASSET (CONTINUED)

(d) Fair Value Measurement (Continued)

Valuation techniques and inputs used to derive fair values (continued)

Recurring fair value measurements (continued)

Infrastructure Assets

The infrastructure assets valuation was carried out by an independent valuer in 2018. The assets which were the focus of this project included the following:—

- Roads
- Footpaths
- Rights of Way
- Drainage
- Park Development
- Car Park Development
- Other Infrastructure Assets

The valuation was undertaken using the City's inventory data. The data for car parks and parks had recently been updated and are of a moderate to high confidence level. The inventory of drainage is of a low confidence level.

The valuation process has been performed in accordance with accepted accounting standards (e.g. AASB 116 and AASB 13) and other best practice asset and financial management guides (e.g. International Infrastructure Management Manual® and Australian Infrastructure Financial Management Guidelines®). All assets have been valued using unit rate costs, sourced from the City, local suppliers or the Rawlinsons Australian Construction Handbook.

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the notes to the financial statements.

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12. REVALUATION SURPLUS

	2021 Opening Balance	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance	Restated* 2020 Opening Balance	Restated 2020 Revaluation Increment	2020 Revaluation (Decrement)	Restated Total Movement on Revaluation	Restated 2020 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	125,301,529	9,289,500	0	9,289,500	134,591,029	125,380,529	0	(79,000)	(79,000)	125,301,529
Revaluation surplus - Buildings	35,510,144	5,060,808	0	5,060,808	40,570,952	35,510,144	0	0	0	35,510,144
Revaluation surplus - Furniture and equipment	206,609	0	0	0	206,609	206,609	0	0	0	206,609
Revaluation surplus - Plant and equipment	2,948,368	0	0	0	2,948,368	2,113,335	835,033	0	835,033	2,948,368
Revaluation surplus - Joint Arrangement in Mindarie Regional Council	2,123,044	0	(154,242)	(154,242)	1,968,802	2,293,396	0	(170,352)	(170,352)	2,123,044
Revaluation surplus - Joint Arrangement in Tamala Park Regional Council	529	0	0	0	529	529	0	0	0	529
Revaluation surplus - Infrastructure - Roads	81,580,765	0	0	0	81,580,765	81,580,765	0	0	0	81,580,765
Revaluation surplus - Infrastructure - Foothpaths	12,870,701	0	0	0	12,870,701	12,870,701	0	0	0	12,870,701
Revaluation surplus - Infrastructure - Right of Way	5,142,685	0	0	0	5,142,685	5,142,685	0	0	0	5,142,685
Revaluation surplus - Infrastructure - Drainage	3,073,843	0	0	0	3,073,843	3,073,843	0	0	0	3,073,843
Revaluation surplus - Other Infrastructure Assets	2,607,101	0	0	0	2,607,101	2,607,101	0	0	0	2,607,101
	271,365,318	14,350,308	(154,242)	14,196,066	285,561,384	270,779,637	835,033	(249,352)	585,681	271,365,318

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

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13. TRADE AND OTHER PAYABLES

Current

	2021	2020
	\$	\$
Sundry creditors	3,900,388	3,430,517
Prepaid Rates	406,913	398,532
Accrued Expenses	2,221,997	1,441,561
Contribution Liabilities - Bonds	1,489,691	1,431,872
	<u>8,018,989</u>	<u>6,702,482</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Prepaid rates

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

14. CONTRACT & CAPITAL GRANT LIABILITIES

Current

	2021	2020
	\$	\$
Contract liabilities from contracts with customers	497,633	368,290
Capital grant liabilities from transfers for recognisable non financial assets	926,511	166,000
	<u>1,424,144</u>	<u>534,290</u>

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

Less than 1 year	1,424,144	534,290
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SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

Contract liabilities represent the City's obligation to transfer goods or services to a customer for which the City has received consideration from the customer.

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

Capital Grant liabilities

Capital grant liabilities represent grant monies received for the purpose of constructing a non-financial asset in accordance to AASB 1058.

Capital grant liabilities are recognised as income when the City achieves milestones specified in the grant agreement.

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15. LEASES

(a) Right of Use Assets

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

	Right of Use Assets - Plant and equipment \$	Right of use assets Total \$
Carrying amount at 30 June 2019	0	0
Additions	359,137	359,137
Depreciation (expense)	(29,601)	(29,601)
Carrying amount at 30 June 2020	329,536	329,536
Additions	0	0
Depreciation (expense)	(119,713)	(119,713)
Carrying amount at 30 June 2021	209,823	209,823
(b) Cash outflow from leases		
Interest expense on lease liabilities	3,263	3,263
Lease principal expense	91,377	91,377
Total cash outflow from leases	94,640	94,640

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

(b) Cash outflow from leases

Interest expense on lease liabilities
 Lease principal expense
 Total cash outflow from leases

(c) Other expenses and income relating to leases

The City has no short term leases.

The City has one lease relating to plant and equipment for ticket machines. The lease term is 3 years with fixed term payments on a quarterly basis.

The City has not revalued the right of use assets relating to plant and equipment as the difference between the fair value and carrying amount is immaterial.

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - valuation

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

Refer to Note 11 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.

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15. LEASES (CONTINUED)

(d) 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.

	2021 Actual \$	2020 Actual \$
Not later than one year	1,113,955	1,030,888
Later than one year and not later than two years	1,017,691	1,113,955
Later than two years and not later than five years	2,813,977	2,955,713
Later than five years	3,196,422	4,072,377
	8,142,045	9,172,933

Operating lease revenue is receivable from tenants in property owned by the City of Vincent. Leases have an average lease term of 8 years and an implicit interest rate based on CPI.

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 Entity applies AASB 15 to allocate the consideration under the contract to each component.

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16. LEASE LIABILITIES

(a) Lease Liabilities

	2021 Actual	2021 Budget	2020 Actual
Current	\$ 92,839	\$ 91,377	\$ 91,377
Non-current	70,601	72,063	163,440
	163,440	163,440	254,817

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Budget	30 June 2021	30 June 2021	30 June 2021	30 June 2021
					Lease Principal 1 July 2020	Actual New Leases	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments	Lease Principal 1 July 2020	Budget New Leases	Budget Lease Principal Repayments	Budget Lease Principal Outstanding	Budget Lease Interest Repayments
Transport					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
EMV kits for Parking ticket machines	E6N0162814	Maia Financial	1.60%	3 years	254,817	0	91,377	163,440	3,263	254,817	0	91,377	163,440	3,263
					254,817	0	91,377	163,440	3,263	254,817	0	91,377	163,440	3,263

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17. INFORMATION ON BORROWINGS

	2021	2020
(a) Borrowings	\$	\$
Current	930,732	887,431
Non-current	6,986,233	7,916,965
	7,916,965	8,804,396

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2021				30 June 2021				30 June 2020							
				Actual Principal 1 July 2020	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2020	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2019	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding			
Recreation and culture																			
245 Vincent Street DLGSC building	2	W.A. Treasury Corp	0.38%	0	0	0	0	0	0	0	0	0	0	5,343,968	0	5,343,968	140,617	0	
245 Vincent Street DLGSC building	2B	W.A. Treasury Corp	1.44%	953,334	94,342	19,739	858,992	953,334	94,342	19,846	858,992	0	1,000,000	48,666	8,288	953,334			
Loftus Centre Redevelopment	5	W.A. Treasury Corp	0.35%	1,509,641	174,346	100,237	1,335,295	1,509,639	174,346	101,159	1,335,293	1,073,287	0	163,646	100,743	1,509,641			
Underground Car Park Loftus Rec	6	W.A. Treasury Corp	3.85%	556,623	251,149	16,949	305,474	556,623	251,149	20,754	305,474	798,302	0	241,679	25,961	556,623			
Beatty Park Redevelopment	10	W.A. Treasury Corp	5.40%	5,784,768	387,594	345,257	5,417,204	5,784,768	387,593	346,038	5,417,205	6,132,769	0	348,001	326,429	5,784,768			
				8,804,396	887,431	485,181	7,916,965	8,804,394	887,430	488,697	7,916,964	13,948,356	1,000,000	6,143,960	601,738	8,804,396			

CITY OF VINCENT
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17. INFORMATION ON BORROWINGS (Continued)

	2021	2020
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Credit card limit	50,000	50,000
Credit card balance at balance date	(4,120)	(4,398)
Total amount of credit unused	45,880	45,602
Loan facilities		
Loan facilities - current	930,732	887,431
Loan facilities - non-current	6,986,233	7,916,965
Total facilities in use at balance date	7,916,965	8,804,396

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 28.

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18. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2020			
Current provisions	2,475,233	1,903,527	4,378,760
Non-current provisions	0	426,880	426,880
	2,475,233	2,330,407	4,805,640
 Additional provision	 362,083	 103,128	 465,211
Balance at 30 June 2021	2,837,316	2,433,535	5,270,851
 Comprises			
Current	2,837,316	2,022,409	4,859,725
Non-current	0	411,126	411,126
	2,837,316	2,433,535	5,270,851
 Amounts are expected to be settled on the following basis:	2021	2020	
	\$	\$	
Less than 12 months after the reporting date	1,054,170	961,128	
More than 12 months from reporting date	4,216,681	3,844,512	
	5,270,851	4,805,640	

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

The City's obligations for employees' annual leave and long service leave entitlements are recognised as 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 are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

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19. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2021 Actual	2021 Budget	Restated* 2020 Actual
	\$	\$	\$
Cash and cash equivalents	6,834,701	17,659,752	7,539,213
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(472,543)	(5,569,324)	(6,165,999)
Non-cash flows in Net result:			
Depreciation	12,061,727	11,875,779	11,906,859
Assets expensed during the year	0	0	0
Fixed assets written off	571,438	0	290,823
Change in Equity Local Govt House Trust	(1,292)	0	(577)
Net Share of Interests in Joint Arrangement	258,307	0	3,361,560
(Profit)/loss on sale of asset	757,762	6,801	(185,142)
Profit from sale of land (TPRC Joint Arrangement)	(1,435,089)	(250,000)	(362,936)
Other Non-cash adjustments	0	0	1,113
Loss on revaluation of fixed assets	0	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(343,731)	112,352	(470,794)
(Increase)/decrease in contract assets	0	9,760	0
(Increase)/decrease in prepayments	(191,946)	0	519,310
(Increase)/decrease in lease incentives	(843,465)	0	0
(Increase)/decrease in inventories	(10,106)	0	95,557
Increase/(decrease) in payables	1,316,507	304,677	(498,405)
Increase/(decrease) in provisions	465,210	(377,283)	422,102
Increase/(decrease) in contract and capital grant liabilities	889,854	(347,806)	235,643
Non-operating grants, subsidies and contributions	(1,328,718)	(1,777,283)	(1,381,848)
Net cash provided by operating activities	11,693,914	3,987,673	7,767,267

20. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021 \$	2020 \$
General purpose funding	30,977,562	22,528,038
Law, order, public safety	2,368,389	2,624,881
Health	5,089,043	4,819,177
Education and welfare	22,301,600	18,274,112
Community amenities	6,514,632	7,142,075
Recreation and culture	154,521,073	152,282,349
Economic services	211,870	210,051
Transport	195,645,060	194,847,992
Other property and services	19,275,787	18,696,744
Unallocated	0	63,310
	436,905,016	421,488,729

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21. CONTINGENT LIABILITIES**Mindarie Regional Council (MRC)**

In February 2020, MRC received its first Mandatory Auditor's Report (MAR) as requested by the Department of Water and Environmental Regulation (DWER) in respect to the Tamala Park Waste Management Facility site.

Among other things, the purpose of the MAR is to confirm that earlier investigations adequately characterised the contamination status of the site and whether potentially significant risks to human health, the environment or environmental values exist on-site or off-site.

The MRC received a second iteration of the MAR in November 2021, which has further assessed the contamination status of the site. In reaching their conclusion, the independent auditor has evaluated the information contained in the investigative reports as generally complete, accurate and compliant with the relevant guidelines. Also, the assessments were sufficient to define the potential extent and types of contamination.

The auditor has determined, based on the analysis contained in the assessed reports, that the site remains suitable for ongoing use as a Class II landfill ('source site'). Likewise, the affected site to the north of the facility remains suitable for its current use as a development buffer zone ('affected site'). A summary of findings for the source site are listed below:

Source site:

- All soils samples returned results below established criteria.
- Groundwater results indicate impact to the aquifer immediately below the landfill levels above relevant drinking water established criteria, although some results are reflective of naturally occurring conditions. Groundwater on site remains suitable for controlled industrial use on site without an unacceptable risk.
- Landfill gas results indicate that the existing extraction system is working effectively, with negligible detection of landfill gas outside the extraction network.

Affected site:

- Groundwater results indicate some contaminants above relevant drinking water established criteria but not criteria for non-potable uses. Elevated levels of some identified contaminants are also known to occur naturally in the local environment.
- No landfill gas detected outside the site boundary.

Currently, DWER has classified the site as "Contaminated – Remediation Required" and the affected site as "Contaminated – Restricted Use".

The MRC has commenced further work on implementing the recommendations of this most recent MAR, to determine the magnitude and extent of contamination including risks to human health, the environment and environmental values. Specifically, this work is focused upon assessing the adequacy of the landfill gas monitoring network, the potential for the subterranean migration of landfill gas, and the continued compilation and assessment of both gas and groundwater results to further inform future mitigation measures. Therefore, it is not possible to make a reasonable estimate as to the financial impact that may arise from any possible future remedial action at this time.

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22. CAPITAL AND LEASING COMMITMENTS

	2021	2020
	\$	\$
Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	1,491,819	648,310
- plant & equipment purchases	163,255	346,729
	<u>1,655,074</u>	<u>995,039</u>
Payable:		
- not later than one year	1,655,074	995,039
	<u>1,655,074</u>	<u>995,039</u>

23. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2021	2021	2020
	Actual	Budget	Actual
	\$	\$	\$
Mayor E Cole			
Mayor's annual Allowance	63,354	64,000	63,354
Meeting Attendance fees	31,149	31,000	31,149
Annual allowance for ICT expenses	2,508	2,500	2,636
Travel and accommodation expenses	0	200	1,044
Other	499	700	647
	<u>97,511</u>	<u>98,400</u>	<u>98,830</u>
S Gontaszewski			
Deputy Mayor's annual Allowance	15,838	16,000	15,711
Meeting Attendance fees	23,230	23,250	23,168
Annual allowance for ICT expenses	2,508	2,500	2,500
Travel and accommodation expenses	0	100	0
Other	0	550	0
	<u>41,577</u>	<u>42,400</u>	<u>41,378</u>
A Castle			
Meeting Attendance fees	23,230	23,250	23,230
Annual allowance for ICT expenses	2,508	2,500	2,500
Travel and accommodation expenses	0	100	0
Other	0	550	2,165
	<u>25,738</u>	<u>26,400</u>	<u>27,895</u>
J Topelberg			
Meeting Attendance fees	23,230	23,250	23,230
Annual allowance for ICT expenses	2,508	2,500	2,500
Travel and accommodation expenses	0	100	0
Other	0	550	0
	<u>25,738</u>	<u>26,400</u>	<u>25,730</u>

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23. RELATED PARTY TRANSACTIONS (Continued)

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
D Loden			
Meeting Attendance fees	23,230	23,250	23,230
Annual allowance for ICT expenses	2,508	2,500	2,500
Travel and accommodation expenses	0	100	0
Other	100	550	875
	<u>25,838</u>	<u>26,400</u>	<u>26,605</u>
Ashley Wallace			
Meeting Attendance fees	23,230	23,250	16,236
Annual allowance for ICT expenses	2,508	2,500	2,500
Travel and accommodation expenses	0	100	0
Other	0	550	0
	<u>25,738</u>	<u>26,400</u>	<u>18,736</u>
J Hallett			
Meeting Attendance fees	23,230	23,250	23,230
Annual allowance for ICT expenses	2,508	2,500	2,500
Travel and accommodation expenses	0	100	0
Other	0	550	0
	<u>25,738</u>	<u>26,400</u>	<u>25,730</u>
Sally Smith			
Meeting Attendance fees	23,230	23,250	16,236
Annual allowance for ICT expenses	2,508	2,500	2,500
Travel and accommodation expenses	0	100	0
Other	0	550	0
	<u>25,738</u>	<u>26,400</u>	<u>18,736</u>
J Fotakis			
Meeting Attendance fees	23,230	23,250	23,230
Annual allowance for ICT expenses	2,508	2,500	2,500
Travel and accommodation expenses	0	100	0
Other	0	550	0
	<u>25,738</u>	<u>26,400</u>	<u>25,730</u>
R Harley			
Meeting Attendance fees	0	0	6,932
Annual allowance for ICT expenses	0	0	0
Travel and accommodation expenses	0	0	0
Other	0	0	0
	<u>0</u>	<u>0</u>	<u>6,932</u>
Murphy			
Meeting Attendance fees	0	0	6,932
Annual allowance for ICT expenses	0	0	0
Travel and accommodation expenses	0	0	0
Other	0	0	1,725
	<u>0</u>	<u>0</u>	<u>8,657</u>

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23. RELATED PARTY TRANSACTIONS (Continued)

	2021 Actuals	2021 Budget	2020 Actual
	\$	\$	\$
Mayor's annual Allowance	63,354	64,000	63,354
Deputy Mayor's annual Allowance	15,838	16,000	15,711
Meeting Attendance fees	216,989	217,000	216,801
Annual allowance for ICT expenses	22,576	22,500	22,636
Travel and accommodation expenses	0	1,000	1,044
Other	599	5,100	5,412
	319,356	325,600	324,958

Key Management Personnel (KMP) Compensation Disclosure

	2021 Actual	2020 Actual
	\$	\$
The total of remuneration paid to KMP of the City during the year are as follows:		
Short-term employee benefits	844,957	842,445
Post-employment benefits	73,562	73,562
Other long-term benefits	9,590	17,741
Termination benefits	0	0
	928,109	933,748

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP.

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23. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

The following transactions occurred with related parties:	2021	2020
	Actual	Actual
	\$	\$
Sale of goods and services	64,555	55,616
Purchase of goods and services	2,368,298	2,670,496
COVID-19 relief grant funding	68,559	0
Interests in Associates:		
Distributions received from joint arrangement entities	750,000	250,000
Amounts outstanding from related parties:		
Trade and other receivables	715	228
Amounts payable to related parties:		
Trade and other payables	231,984	22,600

Related Parties

The City's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

iii. Entities subject to significant influence by the City

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

iv. Interests in Associates are accounted for under the proportionate consolidation method

The City has a one-twelfth interest in Mindarie Regional Council and Tamala Park Regional Council respectively. The interests in the associates is accounted for in these financial statements using the equity method of accounting. For details of interests in the associates, refer to Note 24.

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24. INTERESTS IN ASSOCIATES

	2021	Restated* 2020
	\$	\$
(a) Net assets		
Mindarie Regional Council (MRC)	1,961,040	2,360,950
Tamala Park Regional Council (TPRC)	4,580,774	3,908,324
	6,541,814	6,269,274

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.

	2021	Restated* 2020
	\$	\$
Current Assets	3,543,905	3,388,301
Non-Current Assets	7,549,429	8,594,619
Total Assets	11,093,334	11,982,920
Current Liabilities	1,206,640	1,177,365
Non-Current Liabilities	7,925,654	8,444,605
Total Liabilities	9,132,294	9,621,970
Net Assets	1,961,040	2,360,950

* Refer to Note 32 for prior year adjustments relating to Mindarie Regional Council.

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). 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 arrangement is represented by the following breakdown of the joint arrangement's financial position (1/12 share).

	2021	2020
	\$	\$
Current Assets	4,472,348	3,793,105
Non-Current Assets	143,560	146,468
Total Assets	4,615,908	3,939,573
Current Liabilities	35,031	28,752
Non-Current Liabilities	103	2,497
Total Liabilities	35,134	31,249
Net Assets	4,580,774	3,908,324

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24. INTERESTS IN ASSOCIATES (Continued)

(b) Change in Equity

	2021	Restated* 2020
	\$	\$
Investment in Mindarie Regional Council		
Opening Balance	2,360,950	5,878,910
Changes on Revaluation of Non-Current Assets	(154,242)	(170,352)
Net Share of Interests in Mindarie Regional Council	(245,668)	(3,347,608)
Closing Balance (Based on audited financials)	1,961,040	2,360,950
Investment in Tamala Park Regional Council		
Opening Balance	3,908,324	3,809,340
Proceeds from Sale of Land	2,492,783	753,148
Land Development Expenses	(1,057,694)	(390,212)
Proceeds Distribution	(750,000)	(250,000)
Net Share of Interests in Tamala Park Regional Council - Retained surplus	(47,714)	(13,366)
Net Share of Interests in Tamala Park Regional Council - Members Equity	35,075	(586)
Closing Balance (Based on audited financials)	4,580,774	3,908,324
Net Share of Interests in Mindarie Regional Council	(245,668)	(3,347,608)
Net Share of Interests in Tamala Park Regional Council - Retained surplus	(47,714)	(13,366)
Net Share of Interests in Tamala Park Regional Council - Members Equity	35,075	(586)
	(258,307)	(3,361,560)

* Refer to Note 32 for prior year adjustments relating to Mindarie Regional Council.

SIGNIFICANT ACCOUNTING POLICIES

Investment in associates

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

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

Investment in associates (Continued)

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

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26. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2020/21 Actual Rateable Value \$	2020/21 Actual Rate Revenue \$	2020/21 Actual Interim Rates \$	2020/21 Actual Back Rates \$	2020/21 Actual Total Revenue \$	2020/21 Budget Rate Revenue \$	2020/21 Budget Interim Rate \$	2020/21 Budget Total Revenue \$	2019/20 Actual Total Revenue \$
Differential general rate / general rate											
Gross rental valuations											
Residential	0.07786	10,726	240,742,009	18,744,512	323,202	30,017	19,097,731	18,663,900	215,000	18,878,900	19,506,058
Other	0.06718	1,610	122,800,566	8,249,742	91,873	(4,561)	8,337,054	8,335,564	20,000	8,355,564	8,674,000
Vacant Commercial	0.12817	46	2,355,370	301,888	19,799	(14,465)	307,222	287,430	5,000	292,430	287,967
Vacant Residential	0.07250	168	4,110,000	297,975	(9,785)	24,033	312,223	316,177	60,000	376,177	224,401
Sub-Total		12,550	370,007,945	27,594,117	425,089	35,024	28,054,230	27,603,071	300,000	27,903,071	28,692,426
Minimum payment											
Gross rental valuations											
Residential	1.212	6,184	78,526,492	7,494,390	(25,782)	53	7,468,661	7,510,144	0	7,510,144	6,700,664
Other	1.198	150	1,873,844	179,655	7,790	399	187,844	186,841	0	186,841	176,804
Vacant Commercial	1.516	0	0	0	0	(2,022)	(2,022)	0	0	0	6,066
Vacant Residential	1.212	157	1,926,000	190,268	48,429	17	238,714	191,480	0	191,480	241,296
Sub-Total		6,491	82,326,336	7,864,313	30,437	(1,553)	7,893,197	7,888,465	0	7,888,465	7,124,830
		19,041	452,334,281	35,458,430	455,526	33,471	35,947,427	35,491,536	300,000	35,791,536	35,817,256
Rates waived (refer Note 26(b))							(127,861)			(127,220)	(138,421)
Rates Exemptions							0			0	0
Rates Paid in advance brought forward							0			0	0
Total amount raised from general rate							35,819,566			35,664,316	35,678,835

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

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26. RATING INFORMATION (Continued)

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

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Reasons for the Waiver or Concession
Rates waived				127,861	127,220	138,421	City's leased properties	Not-for-profit/Community and/or Sporting purposes
				127,861	127,220	138,421		

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	18 Sep 2020	0.00	0.00%	8.00%
Option Two				
First instalment	18 Sep 2020	0.00	0.00%	8.00%
Second instalment	18 Nov 2020	8.00	5.50%	8.00%
Third instalment	18 Jan 2021	8.00	5.50%	8.00%
Fourth instalment	18 Mar 2021	8.00	5.50%	8.00%

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	146,361	93,000	96,329
Interest on instalment plan	161,078	160,000	194,644
Charges on instalment plan	141,834	220,000	255,813
	449,273	473,000	546,786

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27. RATE SETTING STATEMENT INFORMATION

Note	2020/21	2020/21	2020/21	
	(30 June 2021 Carried Forward)	Budget (30 June 2020 Carried Forward)	(1 July 2020 Brought Forward)	
	\$	\$	\$	
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	11(a)	(149,585)	(6,502)	(271,501)
Less: Movement in liabilities associated with restricted cash - operating grants		0	0	(15,920)
Add: Other Non-cash adjustments		0	0	1,113
Add: Movement in Inventory (Land held for development TPRC)		0	0	105,822
Less: Fair value adjustments to financial assets at amortised cost		(1,292)	0	(577)
Fixed Assets expensed		571,438	0	290,823
Movement in pensioner deferred rates (non-current)		9,728	0	(11,419)
Movement in employee benefit provisions (non-current)		(15,754)	0	(48,206)
Movement in infringement debtors provisions (non-current)		(27,762)	0	42,544
Add: Loss on disposal of assets	11(a)	907,347	13,303	86,359
Movement in Net Share of Interest in Associates		258,307	0	3,361,560
Profit from sale of land (Interest in Associates - TPRC)		(1,435,089)	(250,000)	(362,936)
Add: Depreciation on non-current assets	11(c)	12,061,727	11,875,779	11,906,859
Non cash amounts excluded from operating activities		12,179,065	11,632,580	15,084,521
(b) Non-cash amounts excluded from investing activities				
Less: Movement in liabilities associated with restricted cash - non operating grants		600,000	0	(282,726)
(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 Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserves - restricted cash	4	(11,931,460)	(7,778,256)	(10,976,525)
Less: Restricted non operating grant		0	0	(600,000)
Less: Shares transferred from non current to current asset		(11,000)	0	(11,000)
Less: Other Current Assets		0	0	(748,736)
Less: Current portion of contract liability held in reserve		0	(298,300)	0
Add: Current portion of lease liabilities		92,839	(91,377)	91,377
Add: Rates outstanding Non-current		574,866	0	405,356
Add: Other assets Non-current		680,965	0	0
Add: Borrowings	17(a)	930,732	887,430	887,431
Add: Infringement debtors transferred to non current asset		1,436,572	971,183	971,182
Total adjustments to net current assets		(8,226,486)	(6,309,320)	(9,980,915)
Net current assets used in the Rate Setting Statement				
Total current assets		29,678,242	18,888,701	24,697,755
Less: Total current liabilities		(15,326,429)	(12,761,587)	(12,594,341)
Less: Total adjustments to net current assets		(8,226,486)	(6,309,320)	(9,980,915)
Net current assets used in the Rate Setting Statement		6,125,327	(182,206)	2,122,499

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28. 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.
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 30 June and the weighted average interest rate across all cash and cash equivalents are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non-interest Bearing
	%	\$	\$	\$	
2021					
Cash and cash equivalents	0.13%	6,834,701	0	3,078,272	3,756,429
Financial assets at amortised cost	0.23%	19,022,321	19,022,321	0	0
2020					
Cash and cash equivalents	0.65%	7,539,213	0	3,526,385	4,012,828
Financial assets at amortised cost	0.96%	12,643,934	12,643,934	0	0

Sensitivity

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

	2021	2020
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	30,783	35,264

* 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 17(b).

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28. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and other Receivables

The City's major receivables comprise rates annual charges and user fees and charges. 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. It also encourages ratepayers to pay rates by the due date through incentives.

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2021 was determined as follows for Sundry debtors & Infringement related debtors:

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Sundry debtors					
Expected credit loss	2.21%	7.73%	10.66%	40.22%	
Gross carrying amount	376,206	5,048	3,648	429,683	814,585
Loss allowance	8,301	390	389	172,837	181,916
30 June 2020					
Sundry debtors					
Expected credit loss	7.58%	2.40%	14.48%	39.64%	
Gross carrying amount	188,387	2,999	64,363	431,340	687,090
Loss allowance	14,281	72	9,320	170,998	194,671
30 June 2021					
Infringement Debtors					
Expected credit loss	10.00%	10.00%	10.00%	17.01%	
Gross carrying amount	138,290	92,525	50,514	2,241,519	2,522,848
Loss allowance	13,829	9,253	5,052	381,371	409,505
30 June 2020					
Infringement Debtors					
Expected credit loss	1.81%	2.70%	4.00%	16.15%	
Gross carrying amount	58,542	30,743	5,033	2,587,208	2,681,526
Loss allowance	1,060	830	202	417,835	419,927

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28. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 17(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
	\$	\$	\$	\$	\$
2021					
Payables	7,612,076	0	0	7,612,076	8,018,989
Borrowings	930,732	3,098,400	3,887,833	7,916,965	7,916,965
Contract and Capital Grant Liabilities	1,424,143	0	0	1,424,143	1,424,143
Lease liabilities	92,839	70,601	0	163,440	163,440
	10,059,790	3,169,001	3,887,833	17,116,624	17,523,537
2020					
Payables	6,303,949	0	0	6,303,949	6,702,481
Borrowings	887,431	3,224,440	4,692,525	8,804,396	8,804,396
Contract and Capital Grant Liabilities	534,289	0	0	534,289	534,289
Lease liabilities	91,377	163,440	0	254,817	254,817
	7,817,046	3,387,880	4,692,525	15,897,451	16,295,983

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29. TRUST FUNDS

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

	1 July 2020	Amounts Received	Amounts Paid	30 June 2021
	\$	\$	\$	\$
Leederville Gardens Inc. Trust	4,973,996	58,920	(1,340,640)	3,692,276
	4,973,996	58,920	(1,340,640)	3,692,276

At the Ordinary Council Meeting on 27 April 2021, the Council approved a one-off reimbursement of \$1,295,000 of the trust funds, inclusive of accumulated interest, to the Association for the purpose of major maintenance works.

30. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The MRC and BioVision have mutually agreed to terminate their processing agreement at the Resource Recovery Facility (RRF) with effect from 31 August 2021.

A number of the MRC's member councils have been progressively providing Garden Organics (GO) bins to their residents as a transition step. The organics collected in these bins is currently being processed by external recyclers. The City of Vincent is commencing a Food Organics Garden Organics service this year.

The change to organics handling in Perth, now and into the future, means that the RRF is no longer the most suitable processing infrastructure and technology for this material stream. The MRC will take ownership of the RRF and is currently assessing how best it can be used in the future.

Payment to Mindarie Regional Council on 24 August 2021 for \$7,083,333 relates to operational changes arising from the strategic review of Mindarie Regional Council (MRC). This was approved during as part of the Annual Budget adoption in June 2021.

A loan of \$7,000,000 was secured from WATC for the purpose of funding the above payment.

31. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

AASB 1059 Service Concession Arrangements: Grantors

- (a) Service concessions assets are those assets where a third-party operator contracts assets for the City, upgrades existing assets of the City or use existing assets of the City to operate and maintain the assets to provide a public service, for a specified period of time. Where in these circumstances, the third-party operator provides a public service on behalf of the City and is deemed to manage at least some of the services under its own discretion, the assets are classified as service concession assets.

The City has made an assessment and concluded that it does not have any service concession arrangements.

- (b) Mindarie Regional Council (MRC) has adopted AASB 1059 Service Concession Arrangements Grantors (issued December 2014) on 1 July 2020 resulting in changes in their accounting policies. In accordance with the transition provisions of AASB 1059, MRC adopted the new rules retrospectively by recognising and measuring service concession assets and related liabilities on 1 July 2020. In summary the adjustments were made to the amounts recognised in the City's statement of financial position at the date of initial application (1 July 2020) as shown in Note 32.

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32. CORRECTION OF ERROR / PRIOR PERIOD RESTATEMENT

Balances relating to the 2020 comparatives have been amended due to the correction of prior year adjustments. These amendments have been amended as shown below and in accordance with the requirements of AASB 108, a statement of financial position as at the beginning of the earliest comparative period has been included (refer statement of financial position column labelled as at 1 July 2019).

(a) Correction of error

NIB stadium Asset

The City has de-recognised the value of the NIB stadium as the City has no ownership rights over the stadium which has been funded by 3rd parties. As the initial recognition was by way of a revaluation, the revaluation surplus has been decreased.

Depreciation - NIB stadium

As the NIB stadium has been de-recognised as an asset, the corresponding depreciation previously charged have been reversed.

(b) Change in accounting policy

Interest in Associates - Mindarie Regional Council

Due to a prior year adjustment relating to the Interest in Associates - Mindarie Regional Council, the City has restated it's prior year figures. The restatement relates to the initial application of AASB 1059 Service concession arrangements: grantors by the entity. Refer to Note 31(b).

Ratios

As a result of the prior year corrections, the ratios for 2019 and 2020 respectively have been restated. Refer to Note 35.

Changes to the Financial statements

Statement of Financial Position (Extract)	30 June 2019 \$	Increase/ (Decrease) \$	01 July 2019 (Restated) \$
(a) Property, Plant and equipment	289,206,317	(76,419,638)	212,786,679
Equity			
Revaluation surplus	351,221,361	(80,441,724)	270,779,637
Retained surplus	118,881,460	4,022,086	122,903,546
	<u>30 June 2020 (Original) \$</u>	<u>Increase/ (Decrease) \$</u>	<u>30 June 2020 (Restated) \$</u>
Interests in Associates	9,593,399	(3,324,125)	6,269,274

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(b) Statement of Comprehensive Income	30 June 2020 (Original) \$	Increase/ (Decrease) \$	30 June 2020 (Restated) \$
Expenses - by Nature or Type			
Depreciation on non-current assets	(13,917,902)	2,011,043	(11,906,859)
Net share of interest in associates	(37,435)	(3,324,125)	(3,361,560)
Expenses - by Program			
Recreation and Culture	(25,961,317)	2,011,043	(23,950,274)
Comprehensive income			
Net result for the period	(4,852,916)	(1,313,083)	(6,165,999)
Equity			
Revaluation surplus	351,807,042	(80,441,724)	271,365,318
Retained surplus	115,336,258	2,709,003	118,045,261
Changes to Disclosure Notes			
(c) Property, Plant and Equipment (Note 9(a))	30 June 2019 (Original) \$	Increase/ (Decrease) \$	01 July 2019 (Restated) \$
Carrying Amount			
Buildings	155,043,562	(76,419,638)	78,623,924
	30 June 2020 (Original) \$	Increase/ (Decrease) \$	01 July 2020 (Restated) \$
Carrying Amount			
Buildings	150,880,093	(74,408,595)	76,471,498
Interests in Associates (Note 24(a))			
Net assets	9,593,399	(3,324,125)	6,269,274
Change in equity - Investment in Mindarie Regional Council	5,685,075	(3,324,125)	2,360,950
Net share of interest in Mindarie Regional Council	(23,483)	(3,324,125)	(3,347,608)

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33. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

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34. ACTIVITIES/PROGRAMS

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

GOVERNANCE

This schedule details costs and revenues associated with Governance of the City. These include Members of Council and other costs involved in supporting members and governing the City.

GENERAL PURPOSE FUNDING

This schedule records details of rate revenue and general purpose grants allocated by the WA Local Government Grants Commission as well as expenditures associated with this (rates collection, investment of funds).

LAW, ORDER, PUBLIC SAFETY

This program covers costs associated with animal control, fire prevention and other law, order and public safety services generally associated with local law control.

HEALTH

This program covers health administration and inspection, child health clinics, immunisation clinics, food control and pest control services.

EDUCATION AND WELFARE

The major costs in this program relate to staff involved in coordinating welfare, disability and youth services and donations to various community welfare groups serving the City. The costs of maintaining pre-school premises are also included.

COMMUNITY AMENITIES

This program covers activities of household refuse and recycling, other sanitation including public litter bins and bulk rubbish collections as well as town planning and regional development administration, protection of the environment and bus shelters and street furniture.

RECREATION AND CULTURE

This program covers activities associated with public halls, recreation administration, sportsgrounds, parks and reserves. Beatty Park Leisure Centre, Vincent Library and cultural activities are included.

TRANSPORT

The principal operating areas here relate to maintenance of paths, drains, street cleaning, verges and medians, roads and kerbs, rights of way, crossovers, street trees and road reserves. Parking control and operation of car parks is also covered.

ECONOMIC SERVICES

This program covers costs associated with building control and area promotion.

OTHER PROPERTY AND SERVICES

This program is principally a clearing area where costs associated with public works overheads are accumulated and then subsequently dispersed to other expense areas. Other activities include general administration overheads, plant operation costs, insurance claims and properties held for civic purposes.

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35. FINANCIAL RATIOS

	2021	Restated** 2020	Restated** 2019
Current ratio	1.19	1.09	0.92
Asset consumption ratio	0.58	0.60	0.62
Asset renewal funding ratio	N/A*	0.92	0.83
Asset sustainability ratio	0.52	0.53	0.36
Debt service cover ratio	7.83	0.74	4.02
Operating surplus ratio	(0.03)	(0.14)	(0.08)
Own source revenue coverage ratio	0.95	0.89	0.89

* Asset renewal funding ratio for the current financial year is not disclosed as the long-term financial plan is currently under review.

** As a result of the reversal of prior year depreciation charges relating to NIB stadium (Refer to Note 32), the following ratios have been impacted: -

	2020 (Restated)	2020 (Original)	2019 (Restated)	2019 (Original)
Asset consumption ratio	0.60	0.65	0.62	0.68
Asset Sustainability Ratio	0.53	0.45	0.36	0.30
Operating Surplus Ratio	(0.14)	(0.12)	(0.08)	0.08
Own Source Revenue Ratio	0.89	0.87	0.89	0.90

The above ratios are calculated as follows:

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

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6 CLOSURE

As a quorum would be lost with the departure of Cr Wallace, the Chairperson adjourned the meeting at 11:06am to be resumed sine die.

As a consequence the following items were deferred:

- 5.3 Risk Management Practices in Contract Management and Procurement
- 5.4 OAG Computing Controls Audit 2020/2021
- 5.5 Review: OAG report into Cyber Security in Local Government
- 5.6 Fraud and Corruption Prevention Plan - Annual Review
- 5.7 Small Maintenance Works Contract
- 5.8 Further Risk Assessment (non-structural risks) on Ageing Infrastructure
- 5.9 Review of the City's Audit Log
- 5.10 Audit Committee Meeting Dates 2022
- 5.11 Appointment of Independent Members to the City of Vincent Audit Committee