

# Standing Committee (Audit and Risk)

# Minutes

Wednesday 14 December 2022

**BELMONT**  
CITY OF OPPORTUNITY



# CITY OF BELMONT

## Standing Committee (Audit and Risk)

### Minutes

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**Attachments Index**

- Attachment 11.1.1 – Item 11.1 refers
- Attachment 11.1.3 – Item 11.1 refers
- Attachment 11.1.4 – Item 11.1 refers
- Attachment 11.1.6 – Item 11.1 refers
- Attachment 11.2.1 – Item 11.2 refers

**Confidential Attachments Index**

- Confidential Attachment 10.1.1 – Item 10.1 refers
- Confidential Attachment 11.1.2 – Item 11.1 refers
- Confidential Attachment 11.1.5 – Item 11.1 refers
- Confidential Attachment 11.3.1 – Item 11.3 refers
- Confidential Attachment 11.3.2 – Item 11.3 refers

**Confidential Tabled Attachments Index**

- Confidential Tabled Attachment 10.2.1 – Item 10.2 refers

**Minutes from the Standing Committee (Audit and Risk) held in the Function Room, City of Belmont Civic Centre, 215 Wright Street, Cloverdale on Wednesday 14 December 2022 commencing at 6:30 pm.**

# Minutes

## Present

Cr J Davis (Presiding Member)	South Ward
Cr P Marks, Mayor (Ex Officio)	East Ward
Mr R Back	Independent Member

## In attendance

Mr J Christie	Chief Executive Officer
Mr S Downing	Director Corporate and Governance
Mr B Godfrey	Internal Auditor
Ms V Govender	Manager Finance
Ms A Bird	Manager Governance, Strategy and Risk
Mr R Sharma	Coordinator Web and Office Applications
Mrs J Cherry-Murphy	Senior Governance Officer

## Guests

Mr K Neoh (dep 7.26pm)	Director, Financial Audit, OAG
Mr F Bakhsh (via MS Teams) (dep 7.26pm)	Principal Auditor, Information Systems Audit, OAG
Mr H Li (dep 7.26pm)	Senior Auditor, Financial Audit, OAG

# I Official Opening

6.30pm The Presiding Member welcomed all those in attendance and declared the meeting open.

The Presiding Member read aloud the Acknowledgement of Country.

## Acknowledgement of Country

Before I begin, I would like to acknowledge the Noongar Whadjuk people as the Traditional Owners of this land and pay my respects to Elders past, present and emerging.

I further acknowledge their cultural heritage, beliefs, connection and relationship with this land which continues today.

## 2 Apologies and leave of absence

Cr R Rossi (apology)

West Ward

Cr M Bass (absent)

East Ward

## 3 Declarations of interest that might cause a conflict

### 3.1 Financial interests

Nil.

### 3.2 Disclosure of interest that may affect impartiality

Nil.

## **4 Announcements by the Presiding Member (without discussion)**

### **4.1 Announcements**

Nil.

### **4.2 Declarations by Members who have not given due considerations to all matters contained in the business papers presently before the meeting**

Nil.

## **5 Confirmation of Minutes**

### **5.1 Standing Committee (Audit and Risk) Meeting held 22 August 2022**

#### **Officer Recommendation**

**Mr Back moved, Davis seconded**

That the Minutes of the Standing Committee (Audit and Risk) Meeting held on 22 August 2022 be confirmed as a true and accurate record.

**Carried Unanimously 3 votes to 0**

## **6 Questions by Members on which due notice has been given (without discussion)**

Nil.

## **7 New business of an urgent nature approved by the person presiding or by decision**

Nil.

## **8 Questions by members without notice**

Nil.

## **9 Business adjourned from a previous meeting**

Nil.

## **10 Information items**

### **10.1 Audit Log**

#### **Attachment details**

<b>Attachment No and title</b>	
1.	CONFIDENTIAL - Audit Log - Office of the Auditor General and Other Audits (Confidential Matter in accordance with the Local Government Act 1995 Section 5.23(2)(f)(ii)) [10.1.1 - 22 pages]

An Audit Log (refer Confidential Attachment) has been developed to capture and report on progress of all recommended actions from previous audit reports as requested by the Standing Committee (Audit and Risk).

The Audit Log will be included for information on all Standing Committee (Audit and Risk) Agendas. Questions from Committee Members are welcome.

## 10.2 Insurance, Risk and Business Continuity Presentation

### Attachment details

Attachment No and title
1. CONFIDENTIAL - SC AR presentation 2022 (Confidential Matter in accordance with Local Government Act 1995 Section 5.23(2)(h)) [10.2.1 - 13 pages]

The Manager Governance, Strategy and Risk provided the Committee with a presentation on the City's insurance Portfolio 2022-2023 and Risk and Business Continuity functions.

The Insurance Portfolio 2022-2023 Risk and Business Continuity Presentation included the following:

- Summary of Insurance renewal costs 2022-2023
- Comparison of Insurance Renewal costs 2021-2022 to 2022-2023
- Property Insurance 2018-2019 to 2022-2023
- Motor Vehicle Insurance 2018-2019 to 2022-2023
- Workers Compensation Insurance 2018-2019 to 2022-2023
- Total Insurance 2018-2019 to 2022-2023
- Risk Management Update
- Strategic Risk Management
- Strategic Risk
- Emerging and Developing Risks
- Business Continuity Update

(Refer Confidential Tabled Attachment 10.2.1)

Questions were asked and responded to as follows:

- Moving to the traditional model for the Workers Compensation Scheme was recommended by LGIS. The City had a number of large claims in 2022, thereby paying an amount upfront reduces the 'bill shock' at the end of the year and is a risk deterrent model.
- The claims process and levels will remain the same.
- The Chief Executive Officer will provide further information on the City's risk minimisation plans for motor vehicle claims.

# II Items requiring recommendation to Council

## II.1 2021-2022 Annual Audited Financial Statement

### Attachment details

Attachment No and title	
1.	Financial Statements 30 June 2022 [11.1.1 - 54 pages]
2.	CONFIDENTIAL - IS Audit Management Letter - City of Belmont - 30 June 2022 ( Confidential matter in accordance with Local Government Act 1995 Section 5.23(2)(f)(ii)) [11.1.2 - 17 pages]
3.	Management Representation Letter - City of Belmont - 30 June 2022 [11.1.3 - 5 pages]
4.	Exit Meeting Closing Report - City of Belmont - 30 June 2022 [11.1.4 - 8 pages]
5.	CONFIDENTIAL - IS Audit Action Plan - Minister Report (Confidential matter in accordance with Local Government Act 1995 Section 5.23(2)(f)(ii)) [11.1.5 - 1 page]
6.	IS Audit Action Plan - Public [11.1.6 - 1 page]

Voting Requirement	:	Simple Majority
Subject Index	:	19/001-Report of Council Audit
Location/Property Index	:	Not Applicable
Application Index	:	Not Applicable
Disclosure of any Interest	:	Nil
Previous Items	:	Not Applicable
Applicant	:	Not Applicable
Owner	:	Not Applicable
Responsible Division	:	Corporate and Governance

### Council role

- Advocacy** When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.
- Executive** The substantial direction setting and oversight role of the Council eg adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
- Legislative** Includes adopting local laws, local planning schemes and policies.
- Review** When Council reviews decisions made by Officers.
- Quasi-Judicial** When Council determines an application/matter that directly affect a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of quasi-judicial authority include local planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.

## **Purpose of report**

To provide the Standing Committee (Audit and Risk) (the Committee) with details of the outcomes of the 30 June 2022 Financial Audit including the Information Systems (IS) Audit, present the audited Annual Financial Statements, IS Audit Management Letter, Management Representation Letter and Exit Closing Report for the year ended 30 June 2022.

## **Summary and key issues**

*The Local Government Act 1995 and Local Government (Financial Management) Regulations 1996* require the preparation and audit of a Local Government's Annual Financial Statements. Since 2019 the Office of the Auditor General (OAG) has incorporated an Information Systems Audit as a component of the Financial Audit to ensure the City has appropriate IT controls and systems in place.

Subsequent to the finalisation of the audit, the Annual Financial Statements are incorporated in the City's Annual Report each year.

## **Location**

Not applicable.

## **Consultation**

There has been no specific consultation undertaken in respect to this matter.

## **Strategic Community Plan implications**

In accordance with the 2020 – 2040 Strategic Community Plan:

### **Goal 5: Responsible Belmont**

**Strategy:** 5.2 Manage the City's assets and financial resources in a responsible manner and provide the best possible services for the community

## **Policy implications**

The policy implications evident is to ensure that the Accounting Policies detailed in the Annual Financial Statements comply with legislative and Australian Accounting Standards requirements.

## Statutory environment

Sections 6.4 and 7.9 of the *Local Government Act 1995* requires the annual financial reporting and audit process as follows:

### 6.4 Financial Report

- (1) A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.
- (2) The financial report is to –
  - (a) be prepared and presented in the manner and form prescribed; and
  - (b) contain the prescribed information.
- (3) By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor –
  - (a) the accounts of the local government, balanced up to the last day of the preceding financial year; and
  - (b) the annual financial report of the local government for the preceding financial year.

### 7.9. Audit to be conducted

- (1) An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —
  - (a) the mayor or president; and
  - (b) the CEO of the local government; and
  - (c) the Minister.

Section 7.12A of the Act provides further detail with respect to audits including that the auditor must meet with the local government at least once every financial year, and that the local government is to report to the Minister addressing any findings identified as significant by the auditor.

The *Local Government (Audit) Regulations 1996* prescribe the following relating to the audit procedures:

### 9. Performance of audit

- (2) An auditor must carry out an audit in accordance with the Australian Auditing Standards made or formulated and amended from time to time by the Auditing and Assurance Standards Board established by the *Australian Securities and Investments Commission Act 2001* (Commonwealth) section 227A.

- (3) An auditor must carry out the work necessary to form an opinion whether the annual financial report —
  - (a) is based on proper accounts and records; and
  - (b) fairly represents the results of the operations of the local government for the financial year and the financial position of the local government at 30 June in accordance with —
    - (i) the Act; and
    - (ii) the Australian Accounting Standards (to the extent that they are not inconsistent with the Act).

Regulation 10 of the *Local Government (Audit) Regulations 1996* prescribes the following:

#### **10. Report by auditor**

- (1) An auditor's report is to be forwarded to the persons specified in section 7.9(1) within 30 days of completing the audit.
- (2) The report is to give the auditor's opinion on —
  - (a) the financial position of the local government; and
  - (b) the results of the operations of the local government.
- (3) The report must include a report on the conduct of the audit.
- (4) Where it is considered by the auditor to be appropriate to do so, the auditor is to prepare a management report to accompany the auditor's report and to forward a copy of the management report to the persons specified in section 7.9(1) with the auditor's report.

## **Background**

The OAG has performed its fourth consecutive audit for the City of Belmont. Prior to commencing the financial audit OAG also performed the City's IS audit. This preliminary audit determines the extent of testing that will be performed during the financial audit. The findings from the IS audit are included within the Officer Comment below.

In accordance with the Terms of Reference of the Committee, the Committee must review the Audited Annual Financial Statements and audit findings (Attachment 11.1.1 and Confidential Attachment 11.1.2). Approval is also sought for the Committee to endorse the Annual Financial Statements together with the representation letter. The audited financial statements, a key component of the City's Annual Report, are scheduled to be presented at the Annual General Meeting of Electors on 8 March 2023.

In addition, a copy of the Audited Annual Financial Statements is also required to be submitted to the Director General of the Department of Local Government, Sport and Cultural Industries (the Department) within 30 days of receipt of the Auditor's Report.

## **Officer comment**

Section 6.4 of the *Local Government Act 1995* (Act) requires the Annual financial statements for the year ended 30 June 2022 to be prepared and presented to the auditor by 30 September 2022. Accordingly, the City submitted the completed 2021-2022 Draft Annual Financial Statement to OAG for review on 30 September 2022.

In accordance with Section 7.9 of the *Local Government Act 1995* (Act), the OAG is required to submit a report of the City's Audited Annual Financial Statement by 30 December 2022. The City received the Exit Closing report on 5 December 2022.

The City will again be presented with an unqualified audit opinion which is to be signed by the auditors following the Annual Financial Statements being accepted by the Committee.

Representatives from the OAG will attend the Committee Meeting to present the Audited Financial Statements, management letter (Attachments 11.1.1 and 11.1.3) and Exit meeting closing report (Attachment 11.1.4). Some of the highlights of the report include:

### **1. Financial audit**

#### **Financial statement preparation**

In 2022 the City updated their financial statements and utilised the *Moore Australia* model to allow for easy benchmarking with other local governments. The updated format will also allow an easy transition to the new standardised financial statement model proposed to be rolled out to all Metropolitan Local Governments by the Department for the 2022-2023 financial year.

#### **Financial ratios**

The *Local Government Regulations Amendment (Financial Management and Audit) Regulations 2022* were gazetted on 17 June 2022 which has resulted in the removal of the requirement for an annual financial report by an entity to include financial ratios. This amendment was made to enable the transition to the 'model financial statement'.

The Department is undertaking a review of the current financial health indicator together with WALGA's Financial Ratio Working Group and Western Australian Treasury Corporation (WATC) and changes to the MyCouncil website are proposed to be implemented by 2023.

#### **Valuation of assets**

The City, in accordance with their asset valuation guideline/procedures, conducts an annual cost indices analysis of all asset classes. This review provides a materiality indicator if assets are required to be revalued earlier than the prescribed period of five years.

During previous years the asset indices have indicated minor changes to the asset valuations, however for the 2022 financial year there have been significant changes to the indices mainly due to the current economic conditions. The asset indices for 2022 revealed two asset classes, namely roads and carparks, exceeded the materiality threshold of 10%

and hence the City conducted an immediate asset valuation for these asset classes in July 2022. However, due to the short timeframe the valuers were only able to perform a valuation on 10% of these asset classes as opposed to a comprehensive valuation.

The finance team has commenced preparation of a total comprehensive valuation of all asset classes for the 2023 financial audit. This will ensure that the City's assets are fairly stated and in compliance with Australian Accounting Standards.

### **Accounting treatment of EMRC investment**

The City was a participant in the Eastern Metropolitan Regional Council (EMRC) and had voting rights of 1/6th and the interest in the assets and liabilities of the EMRC. The City's interest in the EMRC was calculated by the EMRC as at 30 June 2021 was 11.31% representing its share of net assets. On the 23 December 2020 the City issued its Notice of withdrawal from the EMRC, effective from 1 July 2021. The City's equity entitlement (asset distribution or liability payment) is subject to a valuation methodology and is planned to be finalised and paid by 31 July 2023.

### **2. Financial audit findings**

After performing a thorough review of the City's financial statements, the OAG did not identify any new audit findings during the final audit. There was one finding from the previous audit that was re-raised regarding the accuracy of fixed asset depreciation rates. This finding has subsequently been resolved.

### **3. Actions for next year's financial audit:**

- To review the financial accounting treatment for the withdrawal from the Eastern Metropolitan Regional Council (EMRC) and determination of exiting payments / receipts.
- To review the treatment of property the City lease within Belmont Hub and look at the possibility of treating them as investment property.
- To review the implication of updating the current financial statements to the standardised model proposed by the Department.
- Accounting for the revenue and expenses from Gabriel Gardens and Orana Village at the gross level in accordance with *AASB 15- Revenue from Contracts with Customers* instead of the net amount. To conduct comprehensive asset valuations for all asset classes as per the City's procedures/guidelines on 'Valuation and stock-take of Non-Financial Assets'.

### **4. Implementation of new accounting standards**

The City has not implemented any new accounting standards during the preparation of the current financial statements.

### **5. Information systems audit findings**

The management findings for the Information Systems (IS) Audit are shown in Confidential Attachment 11.1.2 and will be included in the Audit Log that is reported to the Standing Committee (Audit and Risk) at each meeting.

There was one new minor finding in the 2022 IS audit relating to record keeping for returned IT assets following staff departures.

A total of 14 findings from the 2021 audit were closed and marked as completed by the OAG.

A total of 11 findings from the 2021 audit remain open with significant progress noted on each. Three of these findings (including the sole significant finding) have been fully resolved shortly following the audit conduct.

#### **6. Actions for next years IS audit:**

- Review and update relevant procedures and processes to ensure appropriate records are kept in relation to IT assets, user access management and system logging and monitoring.
- Adoption of an enterprise password management solution and ensure all IT platforms are configured in accordance with the City's password guidelines.
- Conduct risk assessments on recommendations put forth by the OAG within the 2022 IS Audit management letter and implement recommendations where appropriate and practicable.
- Complete a project to migrate City databases to newer servers and/or cloud platforms and decommission legacy database servers.
- Disable the City's default privileged system account.

#### **Financial implications**

The preparation, audit and distribution of the Annual Financial Statements are a statutory obligation. Audit fees are determined by the OAG on a cost recovery basis and include the audit of grant acquittals.

#### **Environmental implications**

There are no environmental implications associated with this report.

#### **Social implications**

There are no social implications associated with this report.

**6.54pm Mr H Li and Mr K Neoh from the Office of the Auditor General (OAG) entered the meeting.**

**6.55pm Mr F Bakhsh joined the meeting via MSTeams.**

### **Committee Notes**

- It was noted that under Item 7 of the OAG's exit report in the unadjusted section, the reported balance for various expenditure accounts was incorrect at \$60,618,0587. This figure has been corrected to \$60,618,057 and is reflected in the amended Exit Report attached to these Minutes at Attachment 11.1.4.
- A significant amount of work in the last six months following the Audit has been undertaken by the IT team. It is believed not to be a significant issue going forward. It is anticipated that the IT Maturity model will improve following next year's audit.

### **Officer Recommendation**

#### **Marks moved, Mr Back seconded**

That the Standing Committee (Audit and Risk) recommend that Council:

1. Accept the Annual Financial Statements for the period ending 30 June 2022 at Attachment 11.1.1
2. Accept the Amended Auditors Exit Closing Report, prepared for the year ended 30 June 2022 at Attachment 11.1.4
3. Accept the Auditors Management Letter (Information Systems Audit) for the year ended 30 June 2022 at Confidential Attachment 11.1.2
4. Endorse the City of Belmont Action Plan (Confidential Attachment 11.1.5 and Attachment 11.1.6) addressing the recommendations
5. Directs the Chief Executive Officer to provide a copy of this report and the Action Plan (Confidential Attachment 11.1.5) addressing the significant finding to the Minister for Local Government in accordance with section 7.12A(4)(b) of the *Local Government Act 1995*; and
6. Approve the Chief Executive Officer to sign the Annual Financial Report for the period ending 30 June 2022 and Management Representation Letter at Attachments 11.1.1 and 11.1.3.

**Carried Unanimously 3 votes to 0**

**CITY OF BELMONT**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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

Belmont – The City of Opportunity

Our Vision is to be home to a diverse and harmonious community, thriving from the opportunities of our unique, riverside City.

Principal place of Business:  
215 Wright Street  
Cloverdale WA 6105

**CITY OF BELMONT  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

The attached financial report of the City of Belmont for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the City of Belmont at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the \_\_\_\_\_ day of \_\_\_\_\_ 2022

\_\_\_\_\_  
Chief Executive Officer

John Christie  
\_\_\_\_\_  
Name of Chief Executive Officer

**CITY OF BELMONT**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
<b>Revenue</b>				
Rates	27(a),2(a)	50,815,805	50,774,334	48,712,282
Operating grants, subsidies and contributions	2(a)	3,188,546	2,102,308	4,389,642
Fees and charges	26(c),2(a)	8,966,901	8,628,177	8,403,600
Interest earnings	2(a)	847,287	678,554	1,192,236
Other revenue	2(a)	746,910	487,457	620,960
		64,565,449	62,670,830	63,318,720
<b>Expenses</b>				
Employee costs		(21,738,145)	(25,699,437)	(23,599,016)
Materials and contracts		(24,739,844)	(26,436,301)	(26,778,725)
Utility charges		(1,378,332)	(1,368,088)	(1,274,865)
Depreciation	10(a)	(9,211,639)	(9,079,968)	(8,975,142)
Finance costs	2(b)	(639,089)	(597,365)	(619,175)
Insurance		(887,392)	(651,885)	(598,342)
Other expenditure	2(b)	(2,023,616)	(1,357,237)	(1,318,883)
		(60,618,057)	(65,190,281)	(63,164,148)
		3,947,392	(2,519,451)	154,572
Non-Operating grants, subsidies and contributions	2(a)	3,214,603	4,035,952	2,439,578
Profit on asset disposals	10(b)	316,392	0	50,059
Loss on asset disposals	10(b)	(132,271)	(528,000)	(662,072)
Fair value adjustments to financial assets at fair value through profit or loss		9,992	0	6,464
Share of net profit of associates accounted for using the equity method	22(a)	0	0	686,987
		3,408,716	3,507,952	2,521,016
<b>Net result for the period</b>	26(b)	<b>7,356,108</b>	<b>988,501</b>	<b>2,675,588</b>
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	17	8,648,787	0	12,882,748
<b>Total other comprehensive income for the period</b>		<b>8,648,787</b>	<b>0</b>	<b>12,882,748</b>
<b>Total comprehensive income for the period</b>		<b>16,004,895</b>	<b>988,501</b>	<b>15,558,336</b>

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

**CITY OF BELMONT**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

	NOTE	2022 \$	2021 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	10,777,740	11,483,764
Trade and other receivables	5	2,950,289	2,530,089
Other financial assets	4(a)	45,853,256	27,699,139
Inventories	6	231,185	207,875
Other assets	7	1,222,089	1,447,509
<b>TOTAL CURRENT ASSETS</b>		<b>61,034,559</b>	<b>43,368,376</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	5	20,869,931	548,834
Other financial assets	4(b)	15,410,808	26,352,374
Investment in associate	22(a)	0	21,000,517
Property, plant and equipment	8(a)	298,601,795	298,334,207
Infrastructure	9(a)	294,204,896	286,344,662
Right-of-use assets	11(a)	231,580	105,683
Intangible assets	12	171,548	225,227
<b>TOTAL NON-CURRENT ASSETS</b>		<b>629,490,558</b>	<b>632,911,504</b>
<b>TOTAL ASSETS</b>		<b>690,525,117</b>	<b>676,279,880</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	5,814,471	5,877,987
Other liabilities	14	1,273,292	1,512,620
Lease liabilities	11(b)	106,263	72,032
Borrowings	15	721,467	705,011
Employee related provisions	16	4,734,207	5,637,040
<b>TOTAL CURRENT LIABILITIES</b>		<b>12,649,700</b>	<b>13,804,690</b>
<b>NON-CURRENT LIABILITIES</b>			
Other liabilities	14	173,427	70,533
Lease liabilities	11(b)	125,364	33,651
Borrowings	15	12,236,361	12,831,578
Employee related provisions	16	365,745	569,802
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>12,900,897</b>	<b>13,505,564</b>
<b>TOTAL LIABILITIES</b>		<b>25,550,598</b>	<b>27,310,254</b>
<b>NET ASSETS</b>		<b>664,974,518</b>	<b>648,969,624</b>
<b>EQUITY</b>			
Retained surplus		205,424,749	201,599,814
Reserve accounts	30	54,222,614	50,691,441
Revaluation surplus	17	405,327,155	396,678,368
<b>TOTAL EQUITY</b>		<b>664,974,518</b>	<b>648,969,624</b>

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

**CITY OF BELMONT  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2020</b>		<b>201,256,465</b>	<b>48,359,202</b>	<b>383,795,620</b>	<b>633,411,287</b>
Comprehensive income for the period					
Net result for the period		2,675,588	0	0	2,675,588
Other comprehensive income for the period	17	0	0	12,882,749	12,882,749
Total comprehensive income for the period		2,675,588	0	12,882,749	15,558,337
Transfers from reserves	30	3,321,756	(3,321,756)	0	0
Transfers to reserves	30	(5,653,995)	5,653,995	0	0
<b>Balance as at 30 June 2021</b>		<b>201,599,814</b>	<b>50,691,441</b>	<b>396,678,368</b>	<b>648,969,623</b>
Comprehensive income for the period					
Net result for the period		7,356,108	0	0	7,356,108
Other comprehensive income for the period	17	0	0	8,648,787	8,648,787
Total comprehensive income for the period		7,356,108	0	8,648,787	16,004,895
Transfers from reserves	30	3,534,661	(3,534,661)	0	0
Transfers to reserves	30	(7,065,834)	7,065,834	0	0
<b>Balance as at 30 June 2022</b>		<b>205,424,749</b>	<b>54,222,614</b>	<b>405,327,155</b>	<b>664,974,518</b>

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

**CITY OF BELMONT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		50,554,553	50,774,334	48,669,783
Operating grants, subsidies and contributions		3,045,426	1,901,278	4,389,642
Fees and charges		8,966,901	8,807,371	10,221,088
Interest received		847,287	480,554	996,196
Goods and services tax received		3,369,136	0	3,422,488
Other revenue		746,910	643,328	524,423
		67,530,213	62,606,865	68,223,620
<b>Payments</b>				
Employee costs		(22,810,635)	(25,522,426)	(24,251,582)
Materials and contracts		(24,730,405)	(26,018,718)	(28,881,295)
Utility charges		(1,378,332)	(1,368,088)	(1,274,865)
Finance costs		(639,089)	(597,365)	(625,290)
Insurance paid		(887,392)	(651,883)	(598,342)
Goods and services tax paid		(3,267,381)	0	(3,300,774)
Other expenditure		(1,306,626)	(1,340,579)	(1,246,234)
		(55,019,860)	(55,499,059)	(60,178,382)
<b>Net cash provided by (used in) operating activities</b>	18(b)	12,510,353	7,107,806	8,045,239
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(4,398,449)	(5,376,154)	(3,313,747)
Payments for construction of infrastructure	9(a)	(4,775,274)	(11,101,453)	(5,632,942)
Payments for intangible assets	12	0	0	(268,396)
Non-operating grants, subsidies and contributions		2,933,964	4,752,916	2,439,578
Proceeds from financial assets at amortised cost		(7,202,560)	4,918,210	(12,040,058)
Proceeds from sale of property, plant & equipment	10(b)	905,234	994,231	422,423
<b>Net cash provided by (used in) investing activities</b>		(12,537,085)	(5,812,250)	(18,393,142)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	29(a)	(578,761)	(573,170)	(551,941)
Payments for principal portion of lease liabilities	29(b)	(100,532)	0	(88,511)
Self Supporting loan repayment		0	10,000	36,911
<b>Net cash provided by (used in) financing activities</b>		(679,292)	(563,170)	(603,541)
<b>Net increase (decrease) in cash held</b>		(706,024)	732,386	(10,951,444)
Cash at beginning of year		11,483,765	5,272,232	22,435,209
<b>Cash and cash equivalents at the end of the year</b>	18(a)	10,777,740	6,004,618	11,483,765

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

**CITY OF BELMONT  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>NET CURRENT ASSETS - At start of financial year - surplus/(deficit)</b>	28(c)	8,218,713	3,915,000	8,494,693
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities (excluding general rate)</b>				
Rates (excluding general rate)	27(b)	12,301,130	12,276,035	11,244,683
Operating grants, subsidies and contributions		3,188,546	2,102,308	4,389,642
Fees and charges		8,966,901	8,628,177	8,628,813
Interest earnings		847,287	678,554	967,023
Other revenue		746,910	487,457	620,961
Profit on asset disposals	10(b)	316,392	0	50,059
Fair value adjustments to financial assets at fair value through profit or loss		9,992	0	6,466
Share of net profit of associates and joint ventures accounted for using the equity method		0	0	686,988
		26,377,158	24,172,531	26,594,635
<b>Expenditure from operating activities</b>				
Employee costs		(21,738,145)	(25,699,437)	(23,599,016)
Materials and contracts		(24,739,844)	(26,436,301)	(26,778,725)
Utility charges		(1,378,332)	(1,368,088)	(1,274,865)
Depreciation		(9,211,639)	(9,079,968)	(8,975,142)
Finance costs		(639,089)	(597,365)	(619,175)
Insurance		(887,392)	(651,885)	(598,342)
Other expenditure		(2,023,616)	(1,357,237)	(1,318,883)
Loss on asset disposals	10(b)	(132,271)	(528,000)	(662,072)
		(60,750,328)	(65,718,281)	(63,826,220)
Non-cash amounts excluded from operating activities	28(a)	9,049,635	9,784,981	8,776,870
<b>Amount attributable to operating activities</b>		(25,323,535)	(31,760,769)	(28,454,715)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		3,214,605	4,035,952	2,439,578
Proceeds from disposal of assets	10(b)	905,234	994,231	422,423
Purchase of property, plant and equipment	8(a)	(4,398,449)	(2,353,946)	(3,410,285)
Purchase and construction of infrastructure	9(a)	(4,775,274)	(14,183,807)	(5,632,942)
Payments for intangible assets	12	0	0	(268,396)
		(5,053,885)	(11,507,570)	(6,449,622)
Non-cash amounts excluded from investing activities	28(b)	83,807	0	96,538
<b>Amount attributable to investing activities</b>		(4,970,078)	(11,507,570)	(6,353,084)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	29(a)	(584,351)	(573,170)	(551,941)
Payments for principal portion of lease liabilities	29(b)	(100,532)	0	(88,511)
Payments for principal portion of self supporting loan		0	10,000	36,910
Transfers to reserves (restricted assets)	30	(7,065,834)	(2,099,385)	(5,653,995)
Transfers from reserves (restricted assets)	30	3,534,661	4,017,595	3,321,756
<b>Amount attributable to financing activities</b>		(4,216,055)	1,355,040	(2,935,781)
<b>Surplus/(deficit) before imposition of general rates</b>		(26,290,955)	(37,998,299)	(29,248,886)
<b>Total amount raised from general rates</b>	27(a)	38,514,675	38,498,299	37,467,599
<b>Surplus/(deficit) after imposition of general rates</b>	28(c)	<b>12,223,720</b>	<b>500,000</b>	<b>8,218,713</b>

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

**CITY OF BELMONT  
FOR THE YEAR ENDED 30 JUNE 2022  
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**CITY OF BELMONT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**1. BASIS OF PREPARATION**

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

**Local Government Act 1995 requirements**

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

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

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

**The local government reporting entity**

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

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

**Judgements and estimates**

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

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

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.
- estimation uncertainties made in relation to lease accounting
- estimated useful life of intangible asset

**CITY OF BELMONT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**2. REVENUE AND EXPENSES**

**(a) Revenue**

**Contracts with customers**

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and / or complete 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	Output method based on project milestones and / or completion date matched to performance obligations
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	When assets are controlled
Fees and Charges - licences, registrations, approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or application
Fees and charges - pool inspections	Compliance safety check	Single point in time	Equal proportion based on equal annually fee	None	Output method based on provision of service
Fees and charges - other inspections	Regulatory food, health and safety	Single point in time	Full payment prior to inspection	None	Upon issue of invoice.
Fees and charges - waste management	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Output method based on provision of service
Fees and charges - property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund (less \$25 amendment fee) if event cancelled within 5 working days	At time of booking or collection of keys
Reinstatements and private works	Reinstatements and private works	Single point in time	Majority of payment in full in advance	Refunds when applicable	Output method based on provision of service or completion of works
Fees and charges - fines	Fines issued for breaches of local laws	Single point in time	Payment in full within defined time	None	When fine notice is paid
Other revenue - reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	When claim is agreed
Reimbursement for utilities and other recoverable costs	Reimbursement for utilities and other recoverable costs.	Single point in time	Payment in arrears for claimable event	None	Upon issue of invoice.

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

**Revenue Recognition**

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

**For the year ended 30 June 2022**

Nature or type	Contracts with customers \$	Capital grant/contributions \$	Statutory Requirements \$	Other \$	Total \$
Rates			50,815,805		50,815,805
Operating grants, subsidies and contributions	811,123			2,377,423	3,188,546
Fees and charges	1,938,205		6,862,403	166,293	8,966,901
Interest earnings			247,035	600,252	847,287
Other revenue	567,542			179,368	746,910
Non-operating grants, subsidies and contributions		3,214,603			3,214,603
<b>Total</b>	<b>3,316,870</b>	<b>3,214,603</b>	<b>57,925,243</b>	<b>3,323,336</b>	<b>67,780,052</b>

**CITY OF BELMONT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**2. REVENUE AND EXPENSES (Continued)**  
 For the year ended 30 June 2021

Nature or type	Contracts with	Capital	Statutory	Other	Total
	customers	grant/contributions	Requirements		
	\$	\$	\$	\$	\$
Rates			48,712,282		48,712,282
Operating grants, subsidies and contributions	2,895,495			1,494,147	4,389,642
Fees and charges	401,692		6,859,279	1,142,629	8,403,600
Interest earnings			225,213	967,023	1,192,236
Other revenue	200,347			420,613	620,960
Non-operating grants, subsidies and contributions		2,439,578			2,439,578
<b>Total</b>	<b>3,497,534</b>	<b>2,439,578</b>	<b>55,796,774</b>	<b>4,024,412</b>	<b>65,758,298</b>

(a) Revenue (Continued)	Note	2022	2022	2021
		Actual	Budget	Actual
		\$	\$	\$
<b>Assets and services acquired below fair value</b>				
Contributed assets		83,807	0	96,538
		83,807	0	96,538
<b>Interest earnings</b>				
Interest on reserve funds		466,813	352,554	850,956
Rates instalment and penalty interest (refer Note 27(e))		247,035	198,000	225,213
Other interest earnings		133,439	128,000	116,067
		847,287	678,554	1,192,236
<b>(b) Expenses</b>				
<b>Auditors remuneration</b>				
- Audit of the Annual Financial Report		58,200	54,000	55,000
- Other services		4,066	3,000	3,000
		62,266	57,000	58,000
<b>Finance costs</b>				
Borrowings	29(a)	638,043	597,365	618,500
Lease liabilities	29(b)	1,046	0	675
		639,089	597,365	619,175
<b>Other expenditure</b>				
Discounting of EMRC interest		611,310	0	0
Sundry expenses		1,412,306	1,357,237	1,318,883
		2,023,616	1,357,237	1,318,883

**CITY OF BELMONT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**3. CASH AND CASH EQUIVALENTS**

Note	2022	2021
	\$	\$
Cash at bank and on hand	5,777,740	6,483,764
Term deposits	5,000,000	5,000,000
<b>Total cash and cash equivalents</b>	<b>10,777,740</b>	<b>11,483,764</b>
Held as		
- Unrestricted cash and cash equivalents	7,324,681	9,659,319
- Restricted cash and cash equivalents	3,453,059	1,824,445
	<b>10,777,740</b>	<b>11,483,764</b>

**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.

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

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

**Restricted financial assets**

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

Details of restrictions on financial assets can be found at Note 18.

**4. OTHER FINANCIAL ASSETS**

**(a) Current assets**

	2022	2021
	\$	\$
Financial assets at amortised cost	45,853,256	27,699,139
	<b>45,853,256</b>	<b>27,699,139</b>
Held as		
- Unrestricted other financial assets at amortised cost	10,300,000	5,000,000
- Restricted other financial assets at amortised cost - term deposit	35,553,256	22,699,139
	<b>45,853,256</b>	<b>27,699,139</b>

**(b) Non-current assets**

Financial assets at amortised cost- term deposit	15,216,299	26,167,857
Financial assets at fair value through profit and loss - Local Government House Trust	194,509	184,517
	<b>15,410,808</b>	<b>26,352,374</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

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

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

**Financial assets at fair value through profit 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 23.

**CITY OF BELMONT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**5. TRADE AND OTHER RECEIVABLES**

	Note	2022 \$	2021 \$
<b>Current</b>			
Rates receivable		2,083,361	1,705,913
Trade and other receivables		227,016	142,913
Receivable for employee related provision		155,729	95,325
GST receivable		484,183	585,938
		2,950,289	2,530,089
<b>Non-current</b>			
Pensioner's rates and ESL deferred		383,522	404,963
EMRC receivable*	22(a)	20,389,206	0
Receivables for employee related provisions		97,203	143,871
		20,869,931	548,834

**\* EMRC receivable**

The City was a participant in the Eastern Metropolitan Regional Council (EMRC) and had voting rights of 1/6th and the interest in the assets and liabilities of the EMRC (refer note 22(a)). The City's interest in the EMRC was calculated by the EMRC as at 30 June 2021 as \$21,000,517, this value was discounted and incorporated as a receivable from EMRC.

**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 grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

**Impairment and risk exposure**

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 23.

**Classification and subsequent measurement**

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

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

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

**CITY OF BELMONT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**6. INVENTORIES**

<b>Current</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>\$</b>	<b>\$</b>
Fuel and materials		231,185	207,875
		<b>231,185</b>	<b>207,875</b>
The following movements in inventories occurred during the year:			
<b>Balance at beginning of year</b>		207,875	204,225
Additions to inventory		23,310	3,650
<b>Balance at end of year</b>		<b>231,185</b>	<b>207,875</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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

**CITY OF BELMONT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**7. OTHER ASSETS**

	2022	2021
	\$	\$
<b>Other assets - current</b>		
Prepayments	262,441	259,477
Accrued income	959,648	1,188,032
	1,222,089	1,447,509

**Land classified as held for sale**

The City does not have any non-current assets held for resale for the 2022 financial year.

**SIGNIFICANT ACCOUNTING POLICIES**

**Other current assets**

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

**Non-current assets held for sale**

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

**CITY OF BELMONT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**8. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in Balances**

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

	Note	Land	Buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Work in Progress	Total property, plant and equipment
		\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>		165,631,900	125,914,459	291,546,359	1,967,515	4,477,082	1,103,546	299,094,502
Additions*		0	964,598	964,598	1,134,119	918,592	392,976	3,410,285
Disposals		0	0	0	(57,917)	(722,245)	0	(780,162)
Depreciation	10(a)	0	(2,217,824)	(2,217,824)	(846,424)	(326,170)	0	(3,390,418)
Transfers		0	91,384	91,384	1,012,162	0	(1,103,546)	0
<b>Balance at 30 June 2021</b>		165,631,900	124,752,617	290,384,517	3,209,455	4,347,259	392,976	298,334,207
<b>Comprises:</b>								
Gross balance amount at 30 June 2021		165,631,900	146,942,703	312,574,603	10,174,612	8,684,613	392,976	331,826,804
Accumulated depreciation at 30 June 2021		0	(22,190,086)	(22,190,086)	(6,965,157)	(4,337,354)	0	(33,492,597)
<b>Balance at 30 June 2021</b>		165,631,900	124,752,617	290,384,517	3,209,455	4,347,259	392,976	298,334,207
Additions*		0	1,105,933	1,105,933	380,450	298,668	2,697,205	4,482,256
Disposals		0	0	0	(75,619)	(597,984)	0	(673,603)
Depreciation	10(a)	0	(2,277,252)	(2,277,252)	(1,100,915)	(162,898)	0	(3,541,065)
Transfers		0	319,719	319,719	73,258	0	(392,977)	0
<b>Balance at 30 June 2022</b>		165,631,900	123,901,017	289,532,917	2,486,629	3,885,045	2,697,204	298,601,795
<b>Comprises:</b>								
Gross balance amount at 30 June 2022		165,631,900	148,368,355	314,000,255	10,305,288	7,252,885	2,697,205	334,255,633
Accumulated depreciation at 30 June 2022		0	(24,467,338)	(24,467,338)	(7,818,660)	(3,367,840)	0	(35,653,838)
<b>Balance at 30 June 2022</b>		165,631,900	123,901,017	289,532,917	2,486,628	3,885,045	2,697,205	298,601,795

\* Asset additions included additions received at substantially less than fair value:

During the year ended 30 June 2021	96,538	96,538
During the year ended 30 June 2022	83,807	83,807

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**8. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Carrying Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>(i) Fair Value</b>					
<b>Land and buildings</b>					
Land	2	Market approach using recent observable market for similar properties	Independent Valuers	June 2019	Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes which are restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are Price per square metre.
Buildings -specialised	3	Cost approach using current replacement cost	Independent Valuers	April 2020	This required estimating the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (level 2) other inputs (such as residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value.
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent Valuer	April 2020	Price per square metre/market borrowing rate, adjusted for restricted use.
<p>Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.                      During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.</p>					
<b>(ii) Cost</b>					
<b>Furniture and equipment</b>		Cost	Cost	N/A	Cost
<b>Plant and equipment</b>		Cost	Cost	N/A	Cost

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**9. INFRASTRUCTURE**

**(a) Movements in Balances**

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

	Note	Reserves Improvements	Road Network - Infrastructure	Footpath Network - Infrastructure	Drainage Network - Infrastructure	Carparks	Work in Progress	Total Infrastructure
		\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>		39,006,573	153,792,266	12,727,305	61,909,782	4,295,862	1,235,619	272,967,407
Additions		1,514,621	2,635,388	469,662	86,709	0	926,562	5,632,942
(Disposals)		(254,274)	0	0	0	0	0	(254,274)
Revaluation increments / (decrements) transferred to revaluation surplus		0	0	4,675,146	8,776,485	0	0	13,451,631
Depreciation	10(a)	(1,322,686)	(2,512,958)	(543,359)	(991,249)	(82,792)	0	(5,453,044)
Transfers		27,956	1,191,230		16,433		(1,235,619)	0
<b>Balance at 30 June 2021</b>		<b>38,972,190</b>	<b>155,105,926</b>	<b>17,328,754</b>	<b>69,798,160</b>	<b>4,213,070</b>	<b>926,562</b>	<b>286,344,662</b>
<b>Comprises:</b>								
Gross balance at 30 June 2021		48,743,075	206,234,547	26,573,133	93,152,669	6,129,314	926,562	381,759,300
Accumulated depreciation at 30 June 2021		(9,770,885)	(51,128,621)	(9,244,379)	(23,354,509)	(1,916,244)	0	(95,414,638)
<b>Balance at 30 June 2021</b>		<b>38,972,190</b>	<b>155,105,926</b>	<b>17,328,754</b>	<b>69,798,160</b>	<b>4,213,070</b>	<b>926,562</b>	<b>286,344,662</b>
Additions		513,505	3,271,285	231,946	227,924	0	530,614	4,775,274
(Disposals)		(47,510)	0	0	0	0	0	(47,510)
Revaluation increments / (decrements) transferred to revaluation surplus		0	8,334,400	0	0	314,387	0	8,648,787
Depreciation	10(a)	(1,313,988)	(2,555,917)	(557,177)	(1,006,443)	(82,792)	0	(5,516,317)
Transfers		191,711	638,439	26,059	62,260	0	(918,469)	0
<b>Balance at 30 June 2022</b>		<b>38,315,908</b>	<b>164,794,133</b>	<b>17,029,582</b>	<b>69,081,901</b>	<b>4,444,665</b>	<b>538,707</b>	<b>294,204,896</b>
<b>Comprises:</b>								
Gross balance at 30 June 2022		49,311,404	189,066,599	26,831,138	93,442,853	6,734,734	538,707	365,925,435
Accumulated depreciation at 30 June 2022		(10,995,496)	(24,272,466)	(9,801,556)	(24,360,952)	(2,290,069)	0	(71,720,539)
<b>Balance at 30 June 2022</b>		<b>38,315,908</b>	<b>164,794,133</b>	<b>17,029,582</b>	<b>69,081,901</b>	<b>4,444,665</b>	<b>538,707</b>	<b>294,204,896</b>

**CITY OF BELMONT  
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**9. INFRASTRUCTURE (Continued)**

**(b) Carrying Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>(i) Fair Value</b>					
<b>Reserves Improvements</b>	3	Cost approach using current replacement cost	Independent Valuers	January 2020	The valuations required estimating the replacement cost for each asset type and taking into account a range of factors. While unit rates based on area could be supported from market evidence (level 2) other inputs (such as useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been using level 3 valuation inputs.
<b>Road Network - Infrastructure</b>	3	Cost approach using current replacement cost	Independent Valuers	June 2022	An independent asset management consultant also reviewed the road valuation and have conducted a sample of road condition assessments. They have also reviewed the valuation inputs of previous valuations and have updated the unit rates. Assessment inputs used was construction costs, residual values and remaining useful life inputs.
<b>Footpath Network - Infrastructure</b>	3	Cost approach using current replacement cost	Independent Valuers	July 2020	The valuations required estimating the replacement cost for each asset type and taking into account a range of factors. While unit rates based on area could be supported from market evidence (level 2) other inputs (such as useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been using level 3 valuation inputs.

Drainage Network - Infrastructure	3	Cost approach using current replacement cost	Independent Valuers	July 2020	The valuations required estimating the replacement cost for each asset type and taking into account a range of factors. While unit rates based on area could be supported from market evidence (level 2) other inputs (such as useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been using level 3 valuation inputs.
Carparks	3	Cost approach using current replacement cost	Independent Valuers	June 2022	An independent asset management consultant also reviewed the carpark valuation and have conducted a sample condition inspection of the carparks. They have also reviewed the valuation inputs of previous valuations and have updated the unit rates. Assessment inputs used was construction costs, residual values and remaining useful life inputs.

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

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

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**10. FIXED ASSETS**

**(a) Depreciation**

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Buildings	8(a)	2,277,252	2,339,978	2,217,824
Furniture and equipment	8(a)	1,100,915	824,056	846,424
Plant and equipment	8(a)	162,898	220,244	326,170
Reserves Improvements	9(a)	1,313,988	1,293,526	1,322,686
Road Network - Infrastructure	9(a)	2,555,917	2,607,100	2,512,958
Footpath Network - Infrastructure	9(a)	557,177	559,680	543,359
Drainage Network - Infrastructure	9(a)	1,006,443	997,284	991,249
Carparks	9(a)	82,792	83,900	82,792
Right-of-use assets - plant and equipment	11(a)	100,578	100,000	88,511
		9,157,960	9,025,768	8,931,973
<b>Amortisation</b>				
Intangible assets - Corporate website	12	53,679	54,200	43,169
		9,211,639	9,079,968	8,975,142

**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 - Floor	40 - 150 years
Buildings - Envelope	30 - 150 years
Buildings - Fit-out	15 - 100 years
Buildings - Roof	40 - 150 years
Buildings - Other	10 - 120 years
Furniture & Equipment - General	3 - 20 years
Furniture & Equipment - Artwork	50 years
Plant - Motor Vehicles	5 years
Plant - Other	3 - 15 years
Roads/Carparks - Formation	Not depreciated
Roads/Carparks - Paving	40 - 150 years
Roads/Carparks - Kerbing	40 years
Roads/Carparks - Surfacing	20 years
Infrastructure - Footpaths	20 - 50 years
Infrastructure - Drainage	40 - 100 years
Infrastructure - Parks and Gardens	5 - 50 years
Infrastructure - Turf on Parks	Not depreciated
Intangible assets- Computer software	5 years
Right of Use Assets	2-5 years

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**10. FIXED ASSETS (Continued)**

(b) Disposals of assets

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings	0	0	0	0	357,000	0	0	(357,000)	0	0	0	0
Furniture and equipment	75,619	42,180	4,500	(37,939)	0	0	0	57,917	857	857	857	(57,917)
Plant and equipment	597,984	863,054	311,892	(46,822)	994,231	994,231	0	0	722,245	421,566	49,202	(349,881)
Reserves Improvements	47,510	0	0	(47,510)	171,000	0	0	(171,000)	254,274	0	0	(254,274)
	721,112	905,234	316,392	(132,271)	1,522,231	994,231	0	(528,000)	1,034,436	422,423	50,059	(662,072)

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
	\$	\$	\$	\$
<b>Plant and Equipment</b>				
<b>Governance</b>				
Light Fleet Vehicle	33,609	33,975	366	0
<b>Health</b>				
Light Fleet Vehicle	30,969	34,545	3,576	0
<b>Recreation and culture</b>				
Light Fleet Vehicle	14,254	14,545	291	0
<b>Transport</b>				
Heavy Plant	434,545	678,864	291,140	(46,822)
Light Fleet Vehicle	21,260	23,636	2,376	0
Plant	15,338	23,000	7,662	0
<b>Other property and services</b>				
Light Fleet Vehicle	24,884	31,364	6,480	0
Light Fleet Vehicle	23,124	23,124	0	0
	597,984	863,054	311,892	(46,822)
<b>Furniture &amp; Equipment</b>				
<b>Governance</b>				
Document Assembler Software	37,680	37,680	0	0
<b>Recreation and culture</b>				
Library Equipment	0	4,500	4,500	0
Library Books	37,939	0	0	(37,939)
	75,619	42,180	4,500	(37,939)
<b>Reserves Equipment</b>				
<b>Recreation and culture</b>				
Barbeque	4,610	0	0	(4,610)
Playground Equipment	35,330	0	0	(35,330)
Redcliffe Park Cabinet	7,570	0	0	(7,570)
	47,510	0	0	(47,510)
	721,112	905,234	316,392	(132,271)

**CITY OF BELMONT  
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**10. FIXED ASSETS (Continued)**

**SIGNIFICANT ACCOUNTING POLICIES**

**Fixed assets**

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

**Initial recognition and measurement for assets held at cost**

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

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

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

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

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

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates 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 revaluation date in accordance with the mandatory measurement framework.

**Revaluation**

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

At the end of each period the carrying amount for each asset class 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.

**Revaluation (continued)**

For property, plant and equipment and infrastructure, 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. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

**Depreciation**

The depreciable amount of all property, plant and equipment and infrastructure, 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 on revaluation**

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

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. 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
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

**Amortisation**

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

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

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 10(a).

**CITY OF BELMONT  
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**11. LEASES**

**(a) Right-of-Use Assets**

	<u>Note</u>	<u>Right-of-use assets - plant and equipment</u> \$	<u>Right-of-use assets Total</u> \$
Movement in the right-of-use asset for plant and equipment between the beginning and the end of the current financial year.			
<b>Balance at 1 July 2020</b>		83,808	83,808
Additions		110,386	110,386
Depreciation		(88,511)	(88,511)
<b>Balance at 30 June 2021</b>		105,683	105,683
Additions		226,475	226,475
Depreciation	10(a)	(100,578)	(100,578)
<b>Balance at 30 June 2022</b>		231,580	231,580
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>2022</b> <b>Actual</b> \$	<b>2021</b> <b>Actual</b> \$
Depreciation on right-of-use assets	10(a)	(100,578)	(88,511)
Interest expense on lease liabilities	29(b)	(1,046)	(675)
<b>Total amount recognised in the statement of comprehensive income</b>		(101,624)	(89,186)
Total cash outflow from leases		(100,578)	(89,186)
<b>(b) Lease Liabilities</b>			
Current		106,263	72,032
Non-current		125,364	33,651
	29(b)	231,627	105,683

The City has 3 current operating leases relating to plant and equipment; two of the leases are for gym equipment that are used at Belmont Oasis and the other lease refers to the leasing of parking sensors. Refer to the accounting policy for lease liabilities and related Right of Use Assets in note 29 (b).

**Secured liabilities and assets pledged as security**

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Leases**

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

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

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

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

**Right-of-use assets - valuation measurement**

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

Refer to Note 10 under revaluation 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 shorter. 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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**11. LEASES (Continued)**

**(c) Lessor - Property, Plant and Equipment Subject to Lease**

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

Less than 1 year  
1 to 2 years  
2 to 3 years  
3 to 4 years  
4 to 5 years  
> 5 years

	2022 Actual	2021 Actual
	\$	\$
	855,057	336,189
	244,599	252,434
	135,210	373,987
	129,022	161,407
	126,960	110,802
	304,701	412,549
	1,795,549	1,647,368

**Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease**

Rental income

888,457	634,917
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The City leases property to tenants, with rentals payable monthly. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The aged persons housing are considered a joint operation and are not considered investment property as the primary purpose is provision of community housing.

Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Although the City is exposed to changes in the residual value at the end of the current leases, the City typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

**SIGNIFICANT ACCOUNTING POLICIES**

**The City as Lessor**

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

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

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

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

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**12. INTANGIBLE ASSETS**

Note	2022 Actual	2021 Actual
<b>Intangible assets</b>	\$	\$
<b>Non-current</b>		
Corporate website	268,396	268,396
Less: Accumulated amortisation	(96,848)	(43,169)
	171,548	225,227
Movements in balances of intangible assets during the financial year are shown as follows:		
<b>Balance at 1 July</b>	225,227	0
Recognition of corporate website	0	268,396
Amortisation of corporate website	(53,679)	(43,169)
<b>Balance at 30 June</b>	171,548	225,227
<b>TOTAL INTANGIBLE ASSETS</b>	171,548	225,227

**SIGNIFICANT ACCOUNTING POLICIES**

**Corporate Website**

Costs associated with planning, administrative and other general overhead expenditure are recognised as an expense when incurred.

The application, graphical design and content development costs that are directly attributable to preparing the web site to operate in the manner requested by management, and the website meets the recognition criteria in AASB 138.21 and AASB 138.57 are recognised as intangible assets.

**Corporate Website (continued)**

Similarly the operating website costs are recognised as intangible assets when it meets the recognition criteria set out in AASB 138.18, where it is demonstrated that the intangible asset will generate probable future economic benefits when the asset is ready for use.

**CITY OF BELMONT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**13. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors  
Prepaid rates  
Accrued payroll liabilities  
Accrued Expenses

	2022	2021
	\$	\$
	1,014,564	688,848
	966,439	871,684
	389,212	354,812
	<u>3,444,256</u>	<u>3,962,643</u>
	<u>5,814,471</u>	<u>5,877,987</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Trade and other payables**

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

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

**Prepaid rates**

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

**CITY OF BELMONT**  
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**14. OTHER LIABILITIES**

**Current**

Contract liabilities	
Capital grant/contributions liabilities	
Bonds and deposits held	
Emergency Services Levy	
Other Liabilities	
Payables for employee related provisions	

**Non-current**

Emergency Services Levy (Deferred)	
Payables for employee related provisions	

**Reconciliation of changes in contract liabilities**

Opening balance	
Additions	
Revenue from contracts with customers included as a contract liability at the start of the period	

The City expects to satisfy the performance obligations from contracts with customers unsatisfied at the end of the reporting period to be satisfied within the next 12 months.

**Reconciliation of changes in capital grant/contribution liabilities**

Opening balance	
Additions	
Revenue from capital grant/contributions held as a liability at the start of the period	

**Expected satisfaction of capital grant/contribution liabilities**

Less than 1 year

	2022	2021
	\$	\$
	35,775	81,056
	596,205	793,037
	91,008	137,733
	353,155	261,914
	7,943	52,244
	189,206	186,636
	1,273,292	1,512,620
	66,743	70,533
	106,684	0
	173,427	70,533
	81,056	241,499
	35,775	81,056
	(81,056)	(241,499)
	35,775	81,056
	793,037	0
	543,250	793,037
	(740,082)	0
	596,205	793,037
	596,205	793,037

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Contract liabilities**

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

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

**Capital grant/contribution liabilities**

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

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 25(i)) due to the unobservable inputs, including own credit risk.

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**15. BORROWINGS**

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
<b>Secured</b>		\$	\$	\$	\$	\$	\$
Loan		721,467	12,236,361	12,957,828	705,011	12,831,578	13,536,589
<b>Total secured borrowings</b>	29(a)	721,467	12,236,361	12,957,828	705,011	12,831,578	13,536,589

**Secured liabilities and assets pledged as security**

Debentures, bank overdrafts and bank loans are secured over general funds of the City of Belmont.

**SIGNIFICANT ACCOUNTING POLICIES**

**Borrowing costs**

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

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

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

**Risk**

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

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

**CITY OF BELMONT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**16. EMPLOYEE RELATED PROVISIONS**

**Employee Related Provisions**

**Current provisions**

Annual Leave  
Long Service Leave  
Other employee provisions

**Non-current provisions**

Long Service Leave

	2022	2021
	\$	\$
Annual Leave	2,398,394	2,913,447
Long Service Leave	2,143,696	2,514,129
Other employee provisions	192,117	209,464
	<u>4,734,207</u>	<u>5,637,040</u>
Long Service Leave	365,745	569,802
	<u>365,745</u>	<u>569,802</u>
	<u>5,099,952</u>	<u>6,206,842</u>

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

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

**Amounts are expected to be settled on the following basis:**

Less than 12 months after the reporting date  
More than 12 months from reporting date

Note	2022	2021
	\$	\$
Less than 12 months after the reporting date	2,847,437	2,563,030
More than 12 months from reporting date	2,252,515	3,643,812
	<u>5,099,952</u>	<u>6,206,842</u>

Expected reimbursements of employee related provisions from other WA local governments included within other receivables

5	(252,932)	(239,196)
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**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

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

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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

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**17. REVALUATION SURPLUS**

	2022 Opening Balance	2022 Revaluation Increment	2022 Revaluation (Decrement)	Total Movement on Revaluation	2022 Closing Balance	2021 Opening Balance	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	168,084,087	0	0	0	168,084,087	168,084,087	0	0	0	168,084,087
Revaluation surplus - Buildings	62,124,143	0	0	0	62,124,143	62,124,143	0	0	0	62,124,143
Revaluation surplus - Reserves Improvements	19,790,831	0	0	0	19,790,831	19,790,831	0	0	0	19,790,831
Revaluation surplus - Road Network - Infrastructure	71,854,029	8,334,400	0	8,334,400	80,188,429	71,854,029	0	0	0	71,854,029
Revaluation surplus - Footpath Network - Infrastructure	12,631,102	0	0	0	12,631,102	7,955,956	4,675,146	0	4,675,146	12,631,102
Revaluation surplus - Drainage Network - Infrastructure	55,123,404	0	0	0	55,123,404	46,346,919	8,776,485	0	8,776,485	55,123,404
Revaluation surplus - Carparks	2,869,844	314,387	0	314,387	3,184,231	2,869,844	0	0	0	2,869,844
Revaluation surplus - Share of other comprehensive income of investment in associate	4,200,928	0	0	0	4,200,928	4,769,810	0	(568,882)	(568,882)	4,200,928
	396,678,368	8,648,787	0	8,648,787	405,327,155	383,795,619	13,451,631	(568,882)	12,882,749	396,678,368

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.

**CITY OF BELMONT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**18. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	10,777,740	6,004,618	11,483,765

**Restrictions**

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

- Cash and cash equivalents	3	3,453,059	0	1,824,445
- Financial assets at amortised cost	4	50,769,555	47,536,758	48,866,996
		54,222,614	47,536,758	50,691,441

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

Restricted reserve accounts	30	54,222,614	47,536,758	50,691,441
<b>Total restricted financial assets</b>		54,222,614	47,536,758	50,691,441

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

Net result		7,356,108	988,501	2,675,588
Non-cash items:				
Adjustments to fair value of financial assets at fair value through profit and loss		(9,992)	0	(6,464)
Depreciation/amortisation		9,211,639	9,079,968	8,975,142
(Profit)/loss on sale of asset		(184,121)	528,000	612,013
Share of profits of associates		0	0	(686,987)
Discounting of Equity interest in EMRC		611,310	0	0
Assets received for substantially less than fair value		(83,807)	0	(96,538)
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		(352,091)	355,265	255,188
(Increase)/decrease in other assets		225,421	45,621	868,355
(Increase)/decrease in inventories		(23,310)	0	(3,650)
Increase/(decrease) in trade and other payables		(63,516)	0	(6,116)
Increase/(decrease) in employee related provisions		(1,106,890)	0	(2,263,149)
Increase/(decrease) in other liabilities		(136,434)	146,403	161,435
Non-operating grants, subsidies and contributions		(2,933,964)	(4,035,952)	(2,439,578)
Net cash provided by/(used in) operating activities		12,510,353	7,107,806	8,045,239

**(c) Undrawn Borrowing Facilities**

**Credit Standby Arrangements**

Bank overdraft limit		200,000		200,000
Bank overdraft at balance date		0		0
Credit card limit		60,000		60,000
Credit card balance at balance date		6,662		11,806
<b>Total amount of credit unused</b>		266,662		271,806

**Loan facilities**

Loan facilities - current		721,467		705,011
Loan facilities - non-current		12,236,361		12,831,578
<b>Total facilities in use at balance date</b>		12,957,828		13,536,589

**Unused loan facilities at balance date**

0

**CITY OF BELMONT  
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**19. CONTINGENT LIABILITIES**

**a) Contaminated Sites**

The City has one site with possible contamination at 5 Resolution Drive, Ascot and one classified as 'Contaminated – Restricted Use' at Peachey Park (400 Acton Ave and 50 Peachey Ave, Kewdale)

Regarding 5 Resolution Drive, until the City conducts an investigation to determine the presence and scope of contamination, assesses the risk, and agrees with the respective state government authorities on the need and criteria for remediation, the City is unable to estimate the potential costs associated with the remediation works.

Two lots within Peachey Park are classified as 'Contaminated- Restricted Use', as they are suitable for public open space and recreational use, but may not be suitable for a more sensitive land use.

**b) Springs Development Contribution Plan**

In Feb 2017 the Springs Development Contribution Plan (DCP) was established which required landowners to make a financial contribution towards infrastructure when undertaking any subdivision or development within the area, with the funds collected by the City used to reimburse Development WA. This future reimbursement by the City is a contingent liability of which the amount and timing of the development is uncertain. The current DCP expired in February 2022 and the City has sought an extension of the DCP through an amendment to Local Planning Scheme No. 15. The Amendment is subject to approval by the Minister for Planning.

**20. CAPITAL COMMITMENTS**

Contracted for:

- capital expenditure projects
- plant & equipment purchases

Payable:

- not later than one year

	2022	2021
	\$	\$
	3,192,734	1,538,625
	904,276	293,446
	<u>4,097,010</u>	<u>1,832,071</u>
	4,097,010	1,832,071

The capital expenditure projects outstanding at the end of the current reporting period represent the construction/upgrade of Wilson Park, Garvey Park and replacement of plant and vehicles (the prior year commitment was for the refurbishment of Belmont Oasis, Bilya Kard Boodja Lookout and replacement of fleet and plant).

**CITY OF BELMONT**  
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**21. RELATED PARTY TRANSACTIONS**

**(a) Elected Member Remuneration**

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>Mayor - P Marks</b>			
Mayor's annual allowance	86,253	89,753	89,753
Meeting attendance fees	47,516	47,516	47,516
Annual allowance for ICT expenses	3,500	3,500	3,500
	137,269	140,769	140,769
<b>Deputy Mayor - G Sekulla (Deputy Mayor role ceased 18/10/2021)</b>			
Deputy Mayor's annual allowance	6,707	6,707	22,438
Meeting attendance fees	31,678	31,878	31,678
Travel and sundry expenses	0	100	0
Annual allowance for ICT expenses	3,500	3,500	3,500
	41,885	42,185	57,616
<b>Deputy Mayor - R.Rossi (commenced as Deputy Mayor from 18/10/2021)</b>			
Deputy Mayor's annual allowance	15,792	15,731	0
Meeting attendance fees	31,678	31,564	31,678
Child Care expenses	0	114	0
Annual allowance for ICT expenses	3,500	3,500	3,500
	50,970	50,909	35,178
<b>Councillor M Bass</b>			
Meeting attendance fees	31,678	31,464	31,678
Travel and sundry expenses	0	214	0
Annual allowance for ICT expenses	3,500	3,500	3,500
	35,178	35,178	35,178
<b>Councillor N Carter</b>			
Meeting attendance fees	22,295	22,281	0
Travel and sundry expenses	33	114	0
Annual allowance for ICT expenses	2,463	2,463	0
	24,791	24,858	0
<b>Councillor C Lauren</b>			
Meeting attendance fees	9,297	9,497	31,678
Travel and sundry expenses	0	100	0
Annual allowance for ICT expenses	1,027	1,027	3,500
	10,324	10,624	35,178
<b>Councillor J Davis</b>			
Meeting attendance fees	31,678	31,464	31,678
Travel and sundry expenses	25	214	20
Annual allowance for ICT expenses	3,500	3,500	3,500
	35,203	35,178	35,198
<b>Councillor J Powell</b>			
Meeting attendance fees	8,169	8,369	31,678
Travel and sundry expenses	0	100	0
Annual allowance for ICT expenses	2,155	2,546	3,500
	10,324	11,015	35,178
<b>Councillor R Bernie</b>			
Meeting attendance fees	31,678	31,464	31,678
Travel and sundry expenses	0	214	0
Annual allowance for ICT expenses	3,500	3,500	3,500
	35,178	35,178	35,178
<b>Councillor D Sessions</b>			
Meeting attendance fees	22,295	22,481	0
Travel and sundry expenses	174	114	0
Annual allowance for ICT expenses	2,463	2,463	0
	24,932	25,058	0
<b>Councillor S Wolff</b>			
Meeting attendance fees	31,678	31,464	31,678
Travel and sundry expenses	0	214	0
Annual allowance for ICT expenses	3,500	3,500	3,500
	35,178	35,178	35,178
	441,232	446,131	444,651

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**21. RELATED PARTY TRANSACTIONS(Continued)**

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

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Mayor's annual allowance	86,253	89,753	89,753
Deputy Mayor's annual allowance	22,499	22,438	22,438
Meeting attendance fees	299,640	299,442	300,940
Child care expenses	0	114	0
Annual allowance for ICT expenses	32,609	33,000	31,500
Travel and sundry expenses	232	1,384	20
21(b)	441,232	446,131	444,651

**(b) Key Management Personnel (KMP) Compensation**

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

	2022 Actual	2021 Actual
	\$	\$
Short-term employee benefits	1,047,368	1,165,958
Post-employment benefits	117,349	118,349
Employee - other long-term benefits	75,969	123,376
Employee - termination benefits	210,420	0
Council member costs	441,232	444,651
21(a)	1,892,338	1,852,334

*Short-term employee benefits*

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

*Post-employment benefits*

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

*Other long-term benefits*

These amounts represent annual leave and long service leave entitlements accruing during the year.

*Termination benefits*

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

*Council member costs*

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

**(c) Transactions with related parties**

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

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

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

	2022 Actual	2021 Actual
	\$	\$
<b>Investments in associates:</b>		
Payments made to the EMRC for waste services.	0	3,480,253
Balances outstanding to the EMRC at balance date.	0	292,238
<b>Amounts outstanding from related parties:</b>		
Payments made to Faulkner Park Board of Management.	151,487	92,000
<b>Amounts outstanding from the related parties:</b>		
Income received by the City from the Belmont Retirement Villages Board of Management	159,745	112,938

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**21. RELATED PARTY TRANSACTIONS(Continued)**

**(d) Related Parties**

The City's main related parties are as follows:

*i. Key management personnel*

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

*ii. Other Related Parties*

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

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

*iii. Entities subject to significant influence by the City*

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

The City of Belmont has two elected members and the CEO on the Board of the Belmont Retirement Villages Board of Management (BRVBM). As the City is represented by three of the seven Board members this would illustrate significant influence although it is not an investee/investor relationship and the City cannot benefit financially from this arrangement. The City makes a contribution to the ongoing management of the Board and receives a percentage of sales income from unit sales within the Faulkner Park Retirement Village that is placed into specific reserves.

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**22. INVESTMENT IN ASSOCIATES**

**Investment in associate**

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

Name of entity	% of ownership interest 2022	% of ownership interest 2021	2022 Actual \$	2021 Actual \$
Equity in Eastern Metropolitan Regional Council	0.00%	11.31%	0	21,000,517
<b>Total equity-accounted investments</b>			<b>0</b>	<b>21,000,517</b>

**(a) Share of Investment in EMRC**

The City was a participant in the Eastern Metropolitan Regional Council (EMRC) and had voting rights of 1/6th and the interest in the assets and liabilities of the EMRC. The City's interest in the EMRC was calculated by the EMRC as at 30 June 2021 was 11.31% representing its share of net assets \$21,000,517. On the 23 December 2020 the City issued its Notice of withdrawal from the EMRC, effective from 1 July 2021. The City's equity entitlement is subject to a valuation methodology and is planned to be finalised and paid by 31 July 2023 as such the nature of this investment has been transferred to non current asset receivable (refer note 5) and discounted to the present value.

**Summarised statement of comprehensive income**

	Actual \$	Actual \$
Revenue	0	45,090,716
Net Results	0	10,296,371
Total Comprehensive Income	0	6,287,085

**Summarised statement of financial position**

Total current assets	0	91,484,741
Non-current assets	0	115,414,742
Total assets	0	206,899,483
Current financial liabilities		
Total current liabilities	0	14,439,344
Non-current financial liabilities		
Total non-current liabilities	0	6,707,161
Total liabilities	0	21,146,505
<b>Net assets</b>	<b>0</b>	<b>185,752,978</b>

**Reconciliation to carrying amounts**

Opening net assets 1 July	0	184,451,880
Changes in members contributions		(4,985,987)
Profit/(Loss) for the period	0	6,287,085
Closing net assets 1 July	0	185,752,978

**Carrying amount at 1 July**

- Share of associates net profit/(loss) for the period	0	686,987
- Share of associates other comprehensive income arising during the period	0	(568,882)
<b>Carrying amount at 30 June</b>	<b>0</b>	<b>21,000,517</b>

**(b) Other investments**

The City also holds a minor interest in jointly controlled assets (land and buildings) with the Housing Authority for aged accommodation purposes. Included in Property, Plant and Equipment the total value of the City's share of jointly controlled assets at 30 June 2022 is \$2,093,142 (2021: \$2,138,174).

**SIGNIFICANT ACCOUNTING POLICIES**

**Investments in associates**

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

Investments in associates are accounted for using the equity method. The equity method of accounting, is whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the City's share of net assets of the associate. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

**CITY OF BELMONT  
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FOR THE YEAR ENDED 30 JUNE 2022**

**23. FINANCIAL RISK MANAGEMENT**

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

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
<b>Market risk - interest rates</b>	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
<b>Liquidity risk</b>	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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

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

**(a) Interest rate risk**

**Cash and cash equivalents**

The City's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the City to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

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

	<b>Weighted Average Interest Rate</b>	<b>Carrying Amounts</b>	<b>Fixed Interest Rate</b>	<b>Variable Interest Rate</b>	<b>Non Interest Bearing</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2022</b>					
Cash and cash equivalents	0.31%	10,777,740	5,000,000	5,773,498	4,242
Financial assets at amortised cost - term deposits	0.83%	61,069,555	61,069,555	0	0
<b>2021</b>					
Cash and cash equivalents	0.37%	11,483,764	5,000,000	6,479,614	4,150
Financial assets at amortised cost - term deposits	1.51%	53,866,996	53,866,996	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.

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% movement in interest rates on profit and loss and equity*	57,735	64,796

\* Holding all other variables constant

**Borrowings**

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

The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The City does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 29(a).

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**23. 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 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 2021 or 1 July 2022 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.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2022</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0
Gross carrying amount	2,072,366	10,995	0	0	2,083,361
Loss allowance	0	0	0	0	0
<b>30 June 2021</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0
Gross carrying amount	1,693,050	12,863	0	0	1,705,913
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2022</b>					
Trade and other receivables					
Expected credit loss	0%	0%	0%	0%	0%
Gross carrying amount	452,235	7022	9717	10974	479,948
Loss allowance	0	0	0	0	0
<b>30 June 2021</b>					
Trade and other receivables					
Expected credit loss	0%	0%	0%	0%	0%
Gross carrying amount	337,481	810	2,228	41,589	382,108
Loss allowance	0	0	0	0	0

**CITY OF BELMONT  
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**23. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit risk**

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

	Rates receivable		Trade and other receivables		Contract Assets	
	2022 Actual	2021 Actual	2022 Actual	2021 Actual	2022 Actual	2021 Actual
	\$	\$	\$	\$	\$	\$
Opening loss allowance as at 1 July	0	0	0	0	0	0
Increase in loss allowance recognised in profit or loss during the year	0	0	0	0	0	0
Unused amount reversed	0	0	0	0	0	0
<b>Closing loss allowance at 30 June</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

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

**Contract Assets**

The City's contract assets represent work completed, which have not been invoiced at year end. This is due to the City not having met all the performance obligations in the contract which give an unconditional right to receive consideration. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The City has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The City has no impaired losses for trade receivables and contract assets.

**CITY OF BELMONT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**23. 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 18(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2022</b>					
Trade and other payables	5,814,471	0	0	5,814,471	5,814,471
Borrowings	1,166,508	4,622,569	12,263,112	18,052,189	12,957,828
Other Liabilities	288,157	112,104	0	400,261	394,841
Lease liabilities	113,272	134,865	0	248,137	231,627
	<u>7,382,408</u>	<u>4,869,538</u>	<u>12,263,112</u>	<u>24,515,058</u>	<u>19,398,767</u>
<b>2021</b>					
Trade and other payables	5,877,987	0	0	5,877,987	5,877,987
Borrowings	1,170,535	4,640,393	13,411,796	19,222,724	13,536,589
Other Liabilities	376,613	0	0	376,613	376,613
Lease liabilities	71,785	42,394	0	114,179	105,683
	<u>7,496,920</u>	<u>4,682,787</u>	<u>13,411,796</u>	<u>25,591,503</u>	<u>19,896,872</u>

**CITY OF BELMONT  
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**24. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

There has been no material post balance sheet event after 30 June 2022

**CITY OF BELMONT  
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**25. OTHER SIGNIFICANT ACCOUNTING POLICIES**

**a) Goods and services tax (GST)**

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

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

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

**b) Current and non-current classification**

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

**c) Rounding off figures**

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

**d) Comparative figures**

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

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

**e) Budget comparative figures**

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

**f) Superannuation**

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

**g) Fair value of assets and liabilities**

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

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

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

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

**h) Interest earnings**

Interest income is calculated by applying the effective interest rate to the

gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

**i) Fair value hierarchy**

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

**Valuation techniques**

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

**Market approach**

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

**Income approach**

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

**Cost approach**

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

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

**j) Impairment of assets**

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

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

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

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 regularity 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.

**k) Initial application of accounting standards**

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

**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
- AASB 2021-7 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

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

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**26. FUNCTION AND ACTIVITY**

**(a) Service objectives and descriptions**

City operations as disclosed in this financial report encompass the following service orientated functions and activities.

<b>Objective</b>	<b>Description</b>
<b>Governance</b> To provide a decision making process for the efficient allocation of scarce resources	All costs associated with the elected members of Council, together with all costs associated with the general governance of the district. Includes all costs generated by the full allocation of administration costs in accordance with the principles of Activity Based Costing.
<b>General purpose funding</b> To collect revenue to allow for the provision of services.	Includes the cost of collecting rates income and all general purpose funding e.g. Grants Commission Funding.
<b>Law, order, public safety</b> To provide services to help ensure a safer and environmentally conscious community.	The control and prevention of fire. Administration of all matters relating to the control of animals, mainly dogs and all general law, order and public safety matters administered by Council's Rangers.
<b>Health</b> To provide an operational framework for environmental and community	The administration of maternal and infant health through child health clinics. The administration of preventative services such as: Immunisation, Meat Inspections, Inspection of food premises and Pest Control.
<b>Education and welfare</b> To provide services to disadvantages persons, the elderly, children and youth	The provision of children services, the care of the aged and disabled through Aged and Disabled Services and Senior Citizen Centres. The provision of some pre-school education facilities, but not the delivery of education.
<b>Housing</b> To provide and maintain elderly residents housing	The provision of Aged Housing Facilities throughout the district.
<b>Community amenities</b> To provide services required by the community.	Includes sanitation (household refuse); stormwater drainage; town and regional planning and development; the provision of rest rooms and protection of the environment.
<b>Recreation and culture</b> To establish and effectively manage infrastructure and resources which will help the social well being of the community.	The provision of facilities and support of organisations concerned with leisure time activities and sport. The provision and maintenance of a public library. The provision of a cultural centre and a historical museum.
<b>Transport</b> To provide safe, effective and efficient transport services to the community	Construction and maintenance of streets, roads, footpaths, cycleways and Council Depot. The control of street parking and the control of traffic management of local streets.
<b>Economic services</b> To help promote the local government and its economic wellbeing.	The management of local tourism and area promotion. The provision of building approvals and control. Any other economic services.
<b>Other property and services</b> To monitor and control operating accounts	Private works, public work overheads, plant operations. A summary of salaries and wages total costs and any other miscellaneous activities that cannot otherwise be classified in the above.

**CITY OF BELMONT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**26. FUNCTION AND ACTIVITY (Continued)**

**(b) Income and expenses**

	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>2021 Actual</b>
	\$	\$	\$
<b>Income excluding grants, subsidies and contributions</b>			
Governance	235,069	200,531	272,335
General purpose funding	52,880,245	52,467,740	50,662,344
Law, order, public safety	173,681	130,100	145,439
Health	102,885	53,250	58,933
Education and welfare	2,109	0	30,011
Housing	347,507	351,000	294,233
Community amenities	6,761,299	6,731,221	6,751,724
Recreation and culture	674,749	420,550	456,575
Transport	302,160	0	10,747
Economic services	85,937	129,000	821,491
Other property and services	137,648	85,130	168,757
	<b>61,703,289</b>	<b>60,568,522</b>	<b>59,672,589</b>
<b>Grants, subsidies and contributions</b>			
Governance	188,937	190,000	225,394
General purpose funding	1,199,086	443,500	1,521,627
Law, order, public safety	199,804	200,884	856,703
Health	62,427	48,946	19,145
Education and welfare	71,873	62,500	143,928
Community amenities	481,560	753,830	616,475
Recreation and culture	95,647	273,148	744,087
Transport	2,053,906	1,850,106	2,603,552
Economic services	1,993,756	1,666,846	43,070
Other property and services	56,153	648,500	55,239
	<b>6,403,149</b>	<b>6,138,260</b>	<b>6,829,220</b>
<b>Total Income</b>	<b>68,106,438</b>	<b>66,706,782</b>	<b>66,501,809</b>
<b>Expenses</b>			
Governance	(9,687,681)	(9,631,683)	(10,017,456)
General purpose funding	(3,442,697)	(2,359,755)	(2,429,357)
Law, order, public safety	(3,771,179)	(3,796,649)	(3,619,224)
Health	(1,299,181)	(1,392,529)	(1,176,733)
Education and welfare	(2,793,733)	(3,703,595)	(3,734,510)
Housing	(556,033)	(465,925)	(445,968)
Community amenities	(7,731,944)	(9,909,415)	(8,816,046)
Recreation and culture	(15,338,971)	(18,421,291)	(15,249,083)
Transport	(9,348,249)	(9,414,057)	(10,588,896)
Economic services	(3,404,422)	(2,527,399)	(3,994,191)
Other property and services	(3,376,240)	(4,095,982)	(3,754,757)
<b>Total expenses</b>	<b>(60,750,330)</b>	<b>(65,718,281)</b>	<b>(63,826,221)</b>
<b>Net result for the period</b>	<b>7,356,108</b>	<b>988,501</b>	<b>2,675,588</b>

**CITY OF BELMONT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**26. FUNCTION AND ACTIVITY (Continued)**

	2022 Actual	2022 Budget	2021 Actual
<b>(c) Fees and Charges</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Governance	4,516	10,500	10,112
General purpose funding	1,004,918	880,626	732,548
Law, order, public safety	153,604	108,900	122,184
Health	86,581	40,000	47,139
Education and welfare	0	0	1,065
Housing	347,507	351,000	294,233
Community amenities	6,742,948	6,727,921	6,735,511
Recreation and culture	480,190	326,050	278,045
Economic services	85,201	128,000	133,823
Other property and services	61,437	55,180	48,941
	<b>8,966,901</b>	<b>8,628,177</b>	<b>8,403,600</b>
	<b>2022</b>	<b>2021</b>	
<b>(d) Total Assets</b>	<b>\$</b>	<b>\$</b>	
Governance	4,766,870	4,807,863	
General purpose funding	161,209,427	162,343,871	
Law, order, public safety	669,644	574,056	
Health	3,135,735	3,078,486	
Education and welfare	4,363,155	4,349,724	
Housing	5,112,820	5,123,669	
Community amenities	695,156	781,313	
Recreation and culture	112,600,384	112,988,701	
Transport	270,419,240	262,187,216	
Economic services	19,889,964	16,753,816	
Other property and services	35,620,918	37,129,717	
Unallocated	72,041,804	66,161,448	
	<b>690,525,117</b>	<b>676,279,880</b>	

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27. RATING INFORMATION

(a) General Rates

RATE TYPE		2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2020/21		
Rate Description	Basis of valuation	Rate in \$	Number of Properties	Actual Rateable Value * \$	Actual Rate Revenue \$	Actual Interim Rates \$	Actual Back Rates \$	Actual Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$	Actual Total Revenue \$
Residential	Gross rental valuation	0.066733	14203	251,842,955	16,829,971	288,266	0	17,118,236	16,789,045	212,530	0	17,001,575	16,440,606
Commercial	Gross rental valuation	0.070483	848	137,802,486	9,688,639	7,525	0	9,696,164	9,743,451	49,657	0	9,793,108	9,510,413
Industrial	Gross rental valuation	0.070765	464	124,156,151	8,774,736	73,932	0	8,848,668	8,755,743	45	0	8,755,788	8,593,809
<b>Sub-Total</b>			15,515	513,801,592	35,293,346	369,723	0	35,663,069	35,288,239	262,232	0	35,550,471	34,544,828
<b>Minimum payment</b>													
Residential	Gross rental valuation	855	5,210	59,398,501	4,454,550	0	0	4,454,550	4,463,955	0	0	4,463,955	4,389,840
Commercial	Gross rental valuation	1,005	187	1,459,492	187,935	0	0	187,935	187,935	0	0	187,935	185,130
Industrial	Gross rental valuation	1,025	9	89,679	9,225	0	0	9,225	9,225	0	0	9,225	9,090
<b>Sub-Total</b>			5,406	60,947,672	4,651,710	0	0	4,651,710	4,661,115	0	0	4,661,115	4,584,060
			20,921	574,749,264	39,945,056	369,723	0	40,314,779	39,949,354	262,232	0	40,211,586	39,128,888
Discounts on general rates (Refer note 27(d))					(1,800,104)	0	0	(1,800,104)	(1,713,287)			(1,713,287)	(1,661,289)
<b>Total amount raised from general rates</b>					38,144,952	369,723	0	38,514,675	38,236,067	262,232	0	38,498,299	37,467,599
* Rateable value is based on the value of properties at the time the rate is raised.													
<b>(b) Rates (excluding general rates)</b>													
<b>Rate in</b>													
<b>Ex-gratia Rates</b>													
Airport		0.070483	644	173,390,425	12,205,012	0	0	12,205,012	12,191,947	0	0	12,191,947	11,164,500
Other Rates in Lieu- DBNGP Corridor	ex-gratia payment				96,118	0	0	96,118	84,088	0	0	84,088	80,183
<b>Sub-Total</b>					12,301,130	0	0	12,301,130	12,276,035	0	0	12,276,035	11,244,683
<b>Total amount raised from rates (excluding general rates)</b>					12,301,130	0	0	12,301,130	50,512,102	0	0	12,276,035	11,244,683
<b>(c) Total Rates</b>					<b>50,446,082</b>	<b>369,723</b>	<b>0</b>	<b>50,815,805</b>	<b>50,512,102</b>	<b>262,232</b>	<b>0</b>	<b>50,774,334</b>	<b>48,712,282</b>

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 *Income for not-for-profit entities*.

**CITY OF BELMONT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**27. RATING INFORMATION (Continued)**

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

**Rates Discounts**

<b>Rate or Fee Discount Granted</b>	<b>Type</b>	<b>Discount</b>	<b>Discount</b>	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>2021 Actual</b>	<b>Circumstances in which Discount is Granted</b>
		<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	
Residential	Rate	5.00%	0	628,042	587,340	599,758	Discount is applicable if ratepayers pays the rates by the due date on the rates notice
Commercial	Rate	5.00%	0	310,527	293,683	268,447	
Industrial	Rate	5.00%	0	250,482	222,916	239,996	
Ex- Gratia Rates	Rate	5.00%	0	611,053	609,348	553,088	
Total discounts (Note 27(a))				1,800,104	1,713,287	1,661,289	

**CITY OF BELMONT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**27. RATING INFORMATION (Continued)**

**(e) Interest Charges & Instalments**

<b>Instalment Options</b>	<b>Date Due</b>	<b>Instalment Plan Admin Charge</b>	<b>Instalment Plan Interest Rate</b>	<b>Unpaid Rates Interest Rate</b>
		\$	%	%
<b>Option One</b>				
Single full payment	20-Sep-21			
<b>Option Two</b>				
First instalment	20-Sep-21	\$20.00	0.0%	7%
Second instalment	28-Jan-22			
<b>Option Three</b>				
First instalment	20-Sep-21	\$20.00	5.5%	7%
Second instalment	22-Nov-21			
Third instalment	28-Jan-22			
Fourth instalment	28-Mar-22			

	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>2021 Actual</b>
	\$	\$	\$
Interest on unpaid rates	107,688	63,000	93,947
Interest on instalment plan	139,347	135,000	131,266
Charges on instalment plan	111,600	114,000	113,476
	<b>358,635</b>	<b>312,000</b>	<b>338,689</b>

**CITY OF BELMONT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**28. RATE SETTING STATEMENT INFORMATION**

		2021/22 Budget (30 June 2022 Carried Forward)	2020/21 (30 June 2021 Carried Forward)
Note	2021/22 (30 June 2022 Carried Forward)	2021/22 Budget (30 June 2022 Carried Forward)	2020/21 (30 June 2021 Carried Forward)
	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>			
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> .			
<b>Adjustments to operating activities</b>			
Less: Profit on asset disposals	10(b)	(316,392)	0
Less: Fair value adjustments to financial assets at fair value through profit and loss		(9,992)	0
Less: Share of net profit of associates and joint ventures accounted for using the equity method		0	0
Add: Loss on disposal of assets	10(b)	132,271	528,000
Add: Depreciation	10(a)	9,211,639	9,079,968
Non-cash movements in non-current assets and liabilities:			
Adjustments for non current rate debtors		17,650	0
Assets donated		(83,807)	0
Employee benefit provisions		(478,972)	177,013
Discounting of Equity interest in EMRC		611,311	0
Movement Current Lease liability		(34,073)	0
<b>Non-cash amounts excluded from operating activities</b>		<b>9,049,635</b>	<b>9,784,981</b>
<b>(b) Non-cash amounts excluded from investing activities</b>			
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
<b>Adjustments to investing activities</b>			
Property, plant and equipment received for substantially less than fair value	8(a)	83,807	0
<b>Non-cash amounts excluded from investing activities</b>		<b>83,807</b>	<b>0</b>
<b>(c) Surplus/(deficit) after imposition of general rates</b>			
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.			
<b>Adjustments to net current assets</b>			
Less: Reserve accounts	30	(54,222,614)	(47,536,758)
Add: Financial assets at amortised cost	4(a)	15,216,299	17,946,838
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	15	595,217	573,170
- Current portion of lease liabilities	11(b)	106,263	0
- Employee benefit provisions (LSL Reserve)		2,143,696	2,613,109
<b>Total adjustments to net current assets</b>		<b>(36,161,139)</b>	<b>(26,403,641)</b>
<b>Net current assets used in the Rate Setting Statement</b>			
Total current assets		61,034,559	44,689,792
Less: Total current liabilities		(12,649,700)	(14,371,151)
Less: Total adjustments to net current assets		(36,161,139)	(26,403,641)
<b>Net current assets used in the Rate Setting Statement</b>		<b>12,223,720</b>	<b>3,915,000</b>
		<b>8,218,713</b>	

**CITY OF BELMONT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**29. BORROWING AND LEASE LIABILITIES**

(a) Borrowings

Purpose	Note	Actual						Budget				
		Principal at 1 July 2020	New Loans During 2020-21	Principal Repayments During 2020-21	Principal at 30 June 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	Principal at 1 July 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Loan No. 183 - Community Centre	Expiry 05/2038	14,094,645	0	(558,056)	13,536,589	0	(578,761)	12,957,828	13,404,748	0	(573,170)	12,831,578
<b>Total</b>		14,094,645	0	(558,056)	13,536,589	0	(578,761)	12,957,828	13,404,748	0	(573,170)	12,831,578
<b>Total Borrowings</b>	15	14,094,645	0	(558,056)	13,536,589	0	(578,761)	12,957,828	13,404,748	0	(573,170)	12,831,578

Borrowing Interest Repayments

Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021
Loan No. 183 - Community Centre		Recreation and Culture	183	WATC*	3.81%	(638,043)	(597,365)	(618,500)
<b>Total</b>						(638,043)	(597,365)	(618,500)
<b>Total Interest Repayments</b>	2(b)					(638,043)	(597,365)	(618,500)

\* WA Treasury Corporation

(b) Lease Liabilities

Purpose	Note	Actual						Budget				
		Principal at 1 July 2020	New Leases additions During 2020-21	Principal Repayments During 2020-21	Principal at 30 June 2021	New Leases additions During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	Principal at 1 July 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cardio Equipment		55,024	35,386	(67,622)	22,788	27,975	(50,763)	0	22,788	0	(37,500)	(14,712)
Gym Equipment		28,784	0	(11,745)	17,039	0	(11,745)	5,294	17,039	0	(15,000)	2,039
Parking Sensors		0	75,000	(9,144)	65,856	1,913	(31,640)	36,129	65,856	0	(30,000)	35,856
Cardio Equipment		0	0	0	0	196,587	(6,384)	190,204	0	0	0	0
<b>Total Lease Liabilities</b>	11(b)	83,808	110,386	(88,511)	105,683	226,476	(100,532)	231,627	105,683	0	(82,500)	23,183

Lease Interest Repayments

Purpose	Note	Function and activity	Lease Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021	Lease Term
Cardio Equipment		Recreation and Culture	1/2	De Lage Landen	0.43%	(50)	0	(100)	48 months
Gym Equipment		Recreation and Culture	3A/3B	De Lage Landen	0.43%	(125)	0	(165)	36 months
Parking Sensors		Recreation and Culture	20200618	Database Consultants	0.35%	(167)	0	(410)	24 months
Cardio Equipment		Recreation and Culture	E6TEC63884	MAIA	3.82%	(704)	0	0	36 months
<b>Total Interest Repayments</b>	2(b)					(1,046)	0	(675)	

**CITY OF BELMONT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

30. RESERVE ACCOUNTS	2022	2022	2022	2022	2022	2022	2022	2021	2021	2021	2021	
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Actual	Actual	Actual	Actual	
	Opening	Transfer to	Transfer (from)	Closing	Opening	Transfer to	Transfer (from)	Opening	Transfer to	Transfer (from)	Closing	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
(a) Administration building Reserve	237,447	2,187	0	239,634	237,508	1,733	0	239,241	233,259	4,188	0	237,447
(b) Aged Accommodation - Homeswest Reserve	862,342	22,934	0	885,276	875,949	49,458	0	925,407	817,776	44,566	0	862,342
(c) Aged Community Care Reserve	220,256	2028	0	222,284	177,290	1,247	0	178,537	167,898	52,358	0	220,256
(d) Aged persons housing Reserve	960,587	8,846	(142,095)	827,337	949,390	13,869	(187,938)	775,321	1,018,354	24,218	(81,985)	960,587
(e) Aged Services Reserve	1,071,442	9,867	0	1,081,309	1,071,793	7,818	0	1,079,611	1,052,545	18,897	0	1,071,442
(f) Ascot Waters Marina Maintenance & Restoration	1,020,241	9,395	0	1,029,636	1,028,232	7,508	(50,000)	985,740	1,010,736	18,146	(8,641)	1,020,241
(g) Belmont District Band Reserve	47,253	435	0	47,688	44,265	323	0	44,588	43,472	3,781	0	47,253
(h) Belmont Oasis Refurbishment Reserve	4,164,704	38,352	0	4,203,056	4,165,856	30,389	0	4,196,245	4,091,251	73,453	0	4,164,704
(i) Belmont Trust Reserve	1,683,144	15,500	(83,618)	1,615,026	1,511,847	6,712	(187,224)	1,331,335	1,680,261	12,903	(10,019)	1,683,144
(j) Building maintenance Reserve	5,677,933	52,288	(1,026,212)	4,704,009	5,367,671	47,473	(565,500)	4,849,644	6,391,259	114,746	(828,072)	5,677,933
(k) Car Parking Reserve	62,313	574	0	62,887	62,330	455	0	62,785	61,214	1,099	0	62,313
(l) District valuation Reserve	212,659	76,958	0	289,617	212,533	50,713	0	263,246	95,937	116,722	0	212,659
(m) Election expenses Reserve	126,350	51,164	(100,000)	77,514	126,240	50,557	(110,000)	66,797	75,003	51,347	0	126,350
(n) Environment Reserve	102,743	731,541	0	834,284	29,767	945,750	0	975,517	100,931	1,812	0	102,743
(o) Faulkner Park Retirement Village Buy Back Reserve	2,367,659	21,804	0	2,389,463	2,434,139	73,038	0	2,507,177	2,325,901	41,758	0	2,367,659
(p) Faulkner Park Retirement Village Owners Maintenance Reserve	552,877	18,200	0	571,077	569,320	56,079	0	625,399	517,071	35,806	0	552,877
(q) History Reserve	167,303	1,541	0	168,844	167,344	1,046	(24,000)	144,390	140,776	26,527	0	167,303
(r) Information Technology Reserve	1,575,305	14,507	(187,680)	1,402,132	1,425,633	8,518	(408,000)	1,026,151	1,146,717	428,588	0	1,575,305
(s) Land acquisition Reserve	9,267,616	85,345	0	9,352,961	9,273,904	67,624	(130,000)	9,211,528	9,104,164	163,452	0	9,267,616
(t) Long Service Leave Reserve - Salaries	2,196,162	330,649	(625,179)	1,901,632	2,135,720	365,359	(234,469)	2,266,610	2,067,805	494,741	(366,384)	2,196,162
(u) Long Service Leave Reserve - Wages	409,278	3,769	(137,130)	275,917	477,389	53,391	(57,322)	473,458	456,472	30,365	(77,559)	409,278
(v) Miscellaneous Entitlements Reserve	175,837	751,619	(477,847)	449,609	249,737	1,995	0	251,732	268,516	4,821	(97,500)	175,837
(w) Parks Development Reserve	0	0	0	0	0	0	0	0	119,054	2,137	(121,191)	0
(x) Plant replacement Reserve	820,895	598,703	0	1,419,598	614,368	152,803	(181,300)	585,871	1,165,998	138,265	(483,368)	820,895
(y) Property development Reserve	9,427,754	2,834,567	(504,351)	11,757,970	8,919,968	65,193	(431,760)	8,553,401	8,776,778	1,898,013	(1,247,037)	9,427,754
(z) Public Art Reserve	397,782	3,663	0	401,445	397,847	2,903	0	400,750	390,766	7,016	0	397,782
(aa) Ruth Faulkner library Reserve	46,200	425	0	46,625	46,213	337	0	46,550	45,385	815	0	46,200
(bb) Streetscapes Reserve	494,984	4,558	0	499,542	495,122	3,612	0	498,734	486,254	8,730	0	494,984
(cc) Urban Forest Strategy Management Reserve	116,888	1,076	0	117,964	116,926	853	0	117,779	114,826	2,062	0	116,888
(dd) Waste Management Reserve	4,588,191	1,358,261	0	5,946,452	4,632,992	20,682	(1,420,933)	3,232,741	2,784,404	1,803,787	0	4,588,191
(ee) Workers Compensation/Insurance Reserve	1,637,296	15,078	(250,549)	1,401,825	1,637,675	11,947	(29,149)	1,620,473	1,608,419	28,877	0	1,637,296
	50,691,441	7,065,834	(3,534,661)	54,222,614	49,454,968	2,099,385	(4,017,595)	47,536,758	48,359,202	5,653,995	(3,321,756)	50,691,441

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

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

**CITY OF BELMONT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**30. RESERVE ACCOUNTS (Continued)**

<b>Name of Reserve</b>	<b>Purpose of the reserve</b>
(a) Administration building Reserve	Established for the refurbishment of Council's administration building.
(b) Aged Accommodation - Homeswest Reserve	Established to provide for the long term maintenance of Gabriel Gardens and Orana aged housing units.
(c) Aged Community Care Reserve	Established to fund aged the provision of care community services.
(d) Aged persons housing Reserve	Used to manage the surplus/deficit position and capital improvements of Council's aged housing centres.
(e) Aged Services Reserve	Established to fund the provision of aged services within the City of Belmont.
(f) Ascot Waters Marina Maintenance & Restoration	Established to provide for the ongoing maintenance and future redevelopment needs of the marina at Ascot Waters.
(g) Belmont District Band Reserve	Established to provide funds for the replacement and acquisition of instruments for the Belmont District Band.
(h) Belmont Oasis Refurbishment Reserve	Established to provide funds for the future refurbishment of the Belmont Oasis Leisure Centre.
(i) Belmont Trust Reserve	Established to fund costs in relation to the Belmont Trust land.
(j) Building maintenance Reserve	Established to provide funds for the refurbishment and maintenance of Council's Buildings.
(k) Car Parking Reserve	Established to provide funds including those received as cash in lieu for any activities that create or enhance car parks.
(l) District valuation Reserve	As the valuation of the district takes place every three years, a reserve was established to spread the costs of the revaluation over the three years.
(m) Election expenses Reserve	Established to spread the cost of postal voting over two years as elections are only held every two years.
(n) Environment Reserve	Established to fund environmental programs.
(o) Faulkner Park Retirement Village Buy Back Reserve	Established to fund the future buy-back of the Faulkner Park Retirement Village from existing residents.
(p) Faulkner Park Retirement Village Owners Maintenance Reserve	Established to provide for the future major maintenance and refurbishment requirements at the Faulkner Park Retirement Village.
(q) History Reserve	Provision for the future costs associated with the acquisition, recording, preservation and display of articles and information associated with the history of the City of Belmont.
(r) Information Technology Reserve	Established for the replacement and enhancement of Council's core business hardware and software requirements.
(s) Land acquisition Reserve	Established for the acquisition and/or redevelopment of land and buildings and receives the proceeds of any land or building sales.
(t) Long Service Leave Reserve - Salaries	Established to part fund the long service leave liability of Council's salaried staff.
(u) Long Service Leave Reserve - Wages	Established to part fund the long service leave liability of Council's wages staff.
(v) Miscellaneous Entitlements Reserve	Established to provide funding for unforeseen expenditures relating to staff and entitlements.
(w) Parks Development Reserve	Established to provide for future development of the City's Parks including playgrounds and irrigation.
(x) Plant replacement Reserve	Used to fund the replacement of Council's heavy plant. Funds the shortfall between income generated through plant operation recoveries and replacement costs.
(y) Property development Reserve	Established to fund any Council property development.
(z) Public Art Reserve	Established to fund future acquisitions of public art for display in the City of Belmont.
(aa) Ruth Faulkner library Reserve	Established for capital improvements to Council's library.
(bb) Streetscapes Reserve	Established to fund shopping centre revitalisation and streetscape enhancements.
(cc) Urban Forest Strategy Management Reserve	Established to fund the management and retention of the urban forest.
(dd) Waste Management Reserve	Established to fund waste management initiatives and activities.
(ee) Workers Compensation/Insurance Reserve	Established to fund self insurance expenses and major fluctuations in insurance premiums.

**CITY OF BELMONT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**31. 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 2021	Amounts Received	Amounts Paid	30 June 2022
	\$	\$	\$	\$
BCITF Levy	4,486	26,582	(16,474)	14,593
Building Services Levy	79,080	210,963	(253,516)	36,527
Cash In Lieu of Public Open Space	1,303,865	0	0	1,303,865
Nomination Deposits	0	640	(640)	0
Development Assessment Panels	5,603	42,275	(47,878)	0
	1,393,034	280,460	(318,509)	1,354,986

CITY OF BELMONT

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Western Australia 6985

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Cloverdale  
Western Australia 6105

Ms Caroline Spencer  
Auditor General  
Office of the Auditor General  
7<sup>th</sup> Floor, Albert Facey House  
469 Wellington Street  
PERTH WA 6000

Dear Ms Spencer

**REPRESENTATION LETTER IN RESPECT OF THE CITY OF BELMONT'S ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022**

This representation letter is provided in connection with your audit of the City of Belmont's annual financial report for the year ended 30 June 2022 for the purpose of expressing an opinion as to whether the annual financial report is fairly presented in accordance with the *Local Government Act 1995* (the Act), the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

We submit the following representations for the year ended 30 June 2022 after making appropriate enquiries and according to the best of our knowledge and belief. This representation covers all material items in each of the categories listed below.

**1. GENERAL**

- (a) We have fulfilled our responsibilities for the preparation and fair presentation of the annual financial report in accordance with the *Local Government Act 1995* (the Act), the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.
- (b) We have advised your auditors of all material contentious methods used in the presentation of the financial report.
- (c) There have been no changes in accounting policies or application of those policies that would have a material effect on the financial report.
- (d) The prior period comparative information in the financial report has not been restated except as disclosed in Notes 5 and 16 to the financial report.
- (e) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We confirm the disclosures related to accounting estimates are complete and appropriate.

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 @BelmontCouncil



- (f) We have established and maintained an adequate internal control structure and adequate financial records as we have determined are necessary to facilitate the preparation of the financial report that is free from material misstatement, whether due to fraud or error.
- (g) We have provided your auditors with
  - (i) Access to all information of which we are aware that is relevant to the preparation of the financial report, such as records, documentation and other matters.
  - (ii) Additional information that your auditors have requested for the purpose of the audit.
  - (iii) Unrestricted access to staff and councillors of the City from whom your auditors determined it necessary to obtain audit evidence.
- (h) All transactions have been recorded in the accounting and other records and are reflected in the financial report.
- (i) All internal audit reports and reports resulting from other management reviews, including legal issues and legal opinions which have the capacity to be relevant to the fair presentation of the financial report including, where relevant, minutes of meetings, have been brought to your auditors' attention and made available to them.
- (j) We have advised your auditors of all known instances of non-compliance or suspected non-compliance with laws and regulations, and all known data or security breaches whose effects should be considered when preparing the financial report.
- (k) We have provided to your auditors the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
- (l) No frauds or suspected frauds affecting the City involving:
  - (i) Management;
  - (ii) Employees who have significant roles in internal control; or
  - (iii) Othershave occurred to the knowledge of management of the City.
- (m) To our knowledge no allegations of fraud or suspected fraud affecting the City's financial report has been communicated to us by employees, former employees, analysts, regulators or others.
- (n) We have disclosed to your auditors all known actual or possible litigation and claims whose effects should be considered when preparing the financial report, and they have been accounted for and disclosed in accordance with Australian Accounting Standards.

## **2. FAIR VALUE MEASUREMENTS AND DISCLOSURES**

We confirm that where assets and liabilities are recorded at fair value, the value attributed to these assets and liabilities is the fair value.

We confirm that the carrying amount of each physical non-current asset does not materially differ from its fair value at the end of the reporting period. Significant fair value assumptions, including those with high estimation uncertainty, are reasonable.

We confirm the measurement methods, including related assumptions, used by management in determining fair values are appropriate and have been consistently applied.

We confirm that the fair value disclosures in the financial report are complete and appropriate.

**3. GOING CONCERN**

We confirm that the going concern basis of accounting is appropriate for the annual financial report.

**4. CONTINGENT LIABILITIES**

There are no material contingent liabilities at year end that have not been completely and adequately disclosed in the Notes to the financial report.

**5. COMMITMENTS FOR CAPITAL AND OTHER EXPENDITURE**

Other than those commitments reported in the Notes to the financial report, there were no significant commitments for capital or other expenditure contracts carrying over at year end.

**6. FINANCIAL LIABILITY FOR CONTAMINATED SITES**

We are aware of our obligations under the *Contaminated Sites Act 2003* and have reported to the Department of Water and Environmental Regulation, all land owned, vested or leased by the City that is known to be, or is suspected of being, contaminated. All actual liabilities or contingent liabilities, if any, have been recognised and/or disclosed in the financial report as appropriate.

**7. RELATED ENTITIES**

We acknowledge our responsibility under section 17(1) of the *Auditor General Act 2006* (as applied by section 7.12AL of the *Local Government Act 1995*) to give written notice to the Auditor General if any of the City's functions are being performed in partnership or jointly with another person or body, through the instrumentality of another person or body, and/or by means of a trust. We confirm that we have provided the Auditor General with details of all related entities in existence at 30 June 2022.

**8. RELATED PARTIES**

We have disclosed to your auditors the identity of the City's related parties, as defined in Australian Accounting Standards, of which we are aware, and all the related party relationships and transactions of which we are aware. These include the City's key management personnel (KMP) and their related parties, including their close family members and their controlled and jointly controlled entities.

We have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of Australian Accounting Standards.

**9. KEY MANAGEMENT PERSONNEL COMPENSATION**

We confirm the City's key management personnel (KMP) have not received any other money, consideration or benefit (except amounts being reimbursements for out of pocket expenses) which has not been included in the compensation disclosed in the Notes to the financial report.

**10. SUBSEQUENT EVENTS**

No matters or occurrences have come to our attention between the date of the financial report and the date of this letter which would materially affect the financial report or disclosures therein, or which are likely to materially affect the future results or operations of the City.

**11. INTERNAL CONTROL**

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

**12. INSURANCE**

We have established procedures to assess the adequacy of insurance cover on all assets and insurable risks. We believe, where appropriate, assets and insurable risks are adequately covered by insurance.

**13. RISK MANAGEMENT**

We confirm that we have established and maintained a risk management framework that is appropriate to the City.

**14. ACCOUNTING MISSTATEMENTS**

The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial report taken as a whole. A summary of these uncorrected misstatements is listed below.

#	Description	Account	Reported balance	Actual balance	Variance
1	Incorrect net profit/loss recognition of revenue and expenses from Gabriel Gardens and Orana Village	Various expenditure accounts	60,618,057	60,787,987	169,930
		Fees and charges	(8,966,901)	(9,136,831)	(169,930)
2	Under accrual of expense – Synergy Invoice	Utility charges	1,378,332	1,450,997	72,665
		Accrued expenses	(3,444,256)	(3,516,921)	(72,665)

**15. ELECTRONIC PRESENTATION OF THE AUDITED ANNUAL FINANCIAL REPORT AND AUDITOR'S REPORT**

- (a) We acknowledge that we are responsible for the electronic presentation of the annual financial report.
- (b) We will ensure that the electronic version of the audited annual financial report and the auditor's report presented on the City's website is the same as the final signed versions of the audited annual financial report and the auditor's report.
- (c) We have clearly differentiated between audited and unaudited information in the construction of City's website and understand the risk of potential misrepresentation in the absence of appropriate controls.

- (d) We have assessed the security controls over the audited annual financial report and the auditor's report and are satisfied that procedures in place are adequate to ensure the integrity of the information provided.
- (e) We will ensure that where the auditor's report on the annual financial report is provided on the website, the annual financial report is also provided in full.

**16. OTHER (UNAUDITED) INFORMATION IN THE ANNUAL REPORT**

We will provide the final version of the annual report to you when available, to enable you to complete your required procedures.

\_\_\_\_\_  
*Director Corporate and Governance*

\_\_\_\_\_  
**Date**

NAME: Stuart Downing

\_\_\_\_\_  
*Chief Executive Officer*

\_\_\_\_\_  
**Date**

NAME: John Christie

Office of the Auditor General  
Western Australia

# Annual Financial Audit Exit Brief

City of Belmont

Year ended 30 June 2022

14 December 2022



## 1. Introduction

Our audit was designed to enable the Auditor General to provide an opinion on the financial statements for your City for the year ended 30 June 2022. The audit is substantially complete, at the time of writing, the following is pending receipt:

- signed management representation letter
- signed annual financial report

Subject to the above, we intend to recommend to the Auditor General to issue an unqualified audit opinion.

The purpose of this brief is to advise management of the results of our audit and provide the opportunity to discuss the key issues prior to the issuing of the audit opinion.

## 2. Audit Coverage of Key Controls

As indicated in our Planning Summary presented at the entrance meeting, we tested the operating effectiveness of controls in detail within the Revenue and General Ledger business cycles. The controls for other business cycles were also re-confirmed.

In addition, key areas of information systems controls were audited.

## 3. Issues Identified During the Audit

The following is a summary of the key issues identified during the audit. Detailed audit findings and recommendations for improvement have been discussed with your management.

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
<b>Reporting and Financial Control Issues</b>			
1. Fixed asset register		✓	
<b>Information System Control Issues</b>			
1. Human resources – employee exit process			✓
<b>Issues outstanding from prior audits</b>			
2. Network security	✓		
3. Data loss prevention		✓	
4. Password controls for key IT systems		✓	
5. HR system management		✓	
6. Rates system payment gateway		✓	
7. User access management		✓	
8. Remote access management		✓	
9. Database security		✓	
10. Logging and monitoring		✓	
11. Privileged account management			✓
12. Server room management			✓

The findings of the information system controls of your agency have been communicated to management.

We may also provide the parliamentary Standing Committee on Estimates and Financial Operations and/or the Public Accounts Committee with copies of the management letters issued for any or all audits during the year.

#### 4. Audit Outcomes Relating to Risks Identified During our Audit Planning

During the planning phase of the audit we identified the following issues and key areas of audit risk. The audit outcomes for these matters are listed below:

Details of Risk / Issue	Audit Outcomes
<p>Audit findings reported in the previous audit:</p> <p>Financial audit:</p> <ul style="list-style-type: none"> <li>• 3 moderate findings</li> </ul> <p>Information Systems audit:</p> <ul style="list-style-type: none"> <li>• 2 Significant, 17 Moderate and 4 Minor findings</li> </ul>	<p><u>Financial audit:</u></p> <p>2 findings reported in the prior year were resolved with 1 re-raised in current year.</p> <p><u>Information systems audit:</u></p> <p>1 significant, 7 moderate and 4 minor finding reported in the prior year were resolved. 1 minor new finding was identified in the current year.</p>
<p>Key changes to accounting standards that impact your entity for the first time this year:</p> <ul style="list-style-type: none"> <li>• <u>AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities</u> The AASB is currently working on a short-term, narrow scope project to clarify some aspects of AASB 15 and AASB 1058. This may result in:                             <ul style="list-style-type: none"> <li>- Amendment of existing illustrative examples in and/or addition of new illustrative examples to the standards</li> <li>- Educational material to support consistent application of the standards.</li> </ul> </li> </ul> <p>IFRS Interpretations Committee (IFRIC) Agenda decisions that may impact your entity:</p> <ul style="list-style-type: none"> <li>• <u>AASB 138 Intangible Assets</u> IFRIC has issued two final agenda decisions on cloud computing arrangements (Software as a Service or SaaS arrangements):                             <ul style="list-style-type: none"> <li>- The March 2019 decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.</li> <li>- The April 2021 decision builds on the 2019 decision and considers how a customer accounts for configuration or customisation costs where an intangible asset is not recognised.</li> </ul> </li> </ul>	<p>We confirmed that management assessed and correctly applied the recognition and measurement requirements of the standards, along with the relevant disclosure requirements of each standard.</p> <p>Refer to Section 6(a) below for correction of accounting treatment to take up results of the Gabriel Gardens and Orana Village.</p>

Details of Risk / Issue	Audit Outcomes
Involvement of Information Systems audit	General computer controls audit has been performed by OAG Information System (IS) audit team. Results from the IS audit are included in Section 3 – Information System Control Issues and Section 5 – Information Systems – Maturity Model.
<p>Significant accounting matters in FY2021-22:</p> <ul style="list-style-type: none"> <li>• Withdrawal of equity interest in Eastern Metropolitan Regional Council (EMRC)</li> <li>• Existing arrangements with EMRC</li> </ul>	<p>The City has withdrawn from the equity interest in EMRC, effective from FY2021-22. The amount due to the City from EMRC by 31 July 2023, and reported as receivable as at 30 June 2022 amounts to about \$20.4m.</p> <p>The City has also entered into a Participants Agreement with EMRC and 4 other member councils for a waste to energy arrangement that is expected to commence on 1 July 2023.</p>
<p>The following annual financial report items are derived from accounting estimates and hence will receive specific audit attention:</p> <ul style="list-style-type: none"> <li>• Provision for annual and long service leave</li> <li>• Fair value of assets</li> <li>• Impairment of assets</li> <li>• Reasonableness of useful lives for property, plant and equipment</li> <li>• Expected Credit Loss Assessment</li> </ul>	<p>We reviewed the method and underlying data that management and, where applicable, third parties used when determining these critical accounting estimates. We are generally satisfied with the reasonableness of the assumptions used and the corroborating representations.</p> <p>Refer to section 6(b) below on the fair value of assets impacted by cost increases.</p>
New financial management systems that impact for the first time this year	During the audit, we confirmed there were no new financial management systems that impacted on the audit.
<p>Important changes in management or the control environment</p> <ul style="list-style-type: none"> <li>• Appointment of new Finance Manager</li> </ul>	Based on the results of the work performed, we did not identify control gaps.

## 5. Information Systems – Maturity Model

As part of our information systems audit, we also completed a Capability Maturity Assessment of your entity. A capability maturity model is a way of assessing how well developed and capable the established IT controls are and how well developed or capable they should be. A rating scale was used to evaluate your entity's capability and maturity levels in each of the audit focus areas. The scale ranges from 0 (non-existent) to 5 (optimized). The results agreed with your IT management are as follows:

Focus Area	Rating
Manage IT Risk	3
Information Security Framework	3
Human Resource Security	2
Manage Access	2
Endpoint Security	2
Network Security	2
Physical Security	2
Manage Change	3
Manage IT Operations	2
Manage Continuity	3

The results of our work will be included in a report to Parliament, which will include findings about all examined local government entities so that you can benchmark your IT capability for these focus areas against other local governments.

## 6. Significant Issues Resolved During the Audit

Accounting Issue	Accounting outcome
(a) Recognition of revenue and expenses for independent living unit complexes	<p>The net revenue and expenses from Gabriel Gardens and Orana Village are reported in the City's financial statements.</p> <p>As Southern Cross Housing Limited (the operator) has been assessed as only acting as an agent on behalf of the City, revenue and expenses from these entities should be reported at the gross level in accordance with <i>AASB 15 – Revenue from Contracts with Customers</i>. Given the amounts are not material, no adjustments were posted by management. These unadjusted errors are included under Section 7 below.</p>
(b) Revaluation of Land, PPE and Infrastructure in non-revaluation years	<p>The City engaged an independent valuer to undertake a cost indices analysis for all asset classes carried at fair value as at 30 June 2022. For asset classes with movements of over 10% since last valuation, comprehensive valuations were performed to ensure balances are not materially misstated.</p> <p>For assets with cumulative value movements lower than 10%, management has concluded based on their assessment that these balances are not materially misstated.</p> <p>Given that the Covid-19 and supply chain issues have generally increased building cost, even for fair value assets where the price index movements are below 10% cumulatively, the quantum of the change is likely to be significant. Hence, management should perform a comprehensive valuation of assets carried at fair value in FY 2023 for those categories of assets not valued in FY 2022. Management should also consider implementing as part of the preparation of financial statements a robust process to determine whether indicators exist annually to ensure that the City's assets are recorded at fair value in compliance with AASB 13 Fair Value Measurement and the Regulations.</p>

## 7. Adjusted and Unadjusted Errors in the Financial Statements

The following errors and misstatements were identified in the financial statements during our audit.

### Adjusted

Description	Account	Reported Balance	Actual Balance	Variance
Reclassification of expected payout from EMRC discounted to present value at year end	Investment in associates	(21,000,517)	-	(21,000,517)
	Trade and other receivables	480,725	20,869,931	20,389,206
	Other expenditure	1,412,305	2,023,616	611,311
Capitalisation of lease incentives made to Belmont Café instead of prepayment	Property, plant and equipment	290,360,886	298,601,795	240,909
	Prepayment	503,350	262,441	(240,909)
Reclassification of long service leave provision to receivables and payables	Employee related provisions LSL – current	(2,177,172)	(2,143,696)	33,476
	Employee related provisions LSL – non-current	(375,226)	(365,745)	9,481
	Receivables for employee related provisions – current	-	155,729	155,729
	Receivables for employee related provisions – non-current	-	97,203	97,203
	Payables for employee related provisions – current	-	(189,206)	(189,205)
	Payables for employee related provisions – non-current	-	(106,684)	(106,684)

### Unadjusted

Description	Account	Reported Balance	Actual Balance	Variance
Incorrect net profit/loss recognition of revenue and expenses from Gabriel Gardens and Orana Village	Fees and Charges	(8,966,901)	(9,136,831)	(169,930)
	Various expenditure accounts	60,618,057	60,787,987	169,930
Underaccrual of expense – Synergy Invoice	Utility expenses	1,378,332	1,450,997	72,665
	Accrued expenses	(3,444,256)	(3,516,921)	(72,665)

## 8. Variations to the Indicative Audit Fee

Our indicative audit fee provides for no more than 5 versions of financial statements to be provided for audit purposes. The final version presented at the exit meeting is the 15<sup>th</sup> version.

We are currently assessing the impact on the audit fee due to the increase in rework required for each different set of financial statements.

## 9. Actions or Issues for Next Year's Audit

Significant matters identified at this time that might impact next year's audit include:

- Comprehensive independent valuations on non-current assets carried at fair value (excluding those valued in FY 2022) to take up the cost increments in FY 2023 where material.
- Payment from EMRC for the withdrawal in FY 2022.

**CITY OF BELMONT**

**IS AUDIT ACTION PLAN**

AUDIT DETAIL	ACTION	OWNER	EXPECTED COMPLETION
<p><b>TOPIC: Information Security</b></p> <p>To ensure security strategies and implemented technologies align with, and support business objectives. Senior executives should implement appropriate frameworks and management structures. Management should ensure good securityh practices and controls are implemented and continuously monitored</p>	<p><b>1. Review OAG recommendations from 2022 IS Audit.</b></p> <p><b>2. Complete annual risk assessments to identify opportunities to further strengthen and manage information security general controls and practices</b></p>	<p>Manager Information Technology</p>	<p><b>30/06/2023</b></p>
<p><b>TOPIC: IT Operations</b></p> <p>Local government entities should use good practice standards and frameworks as a reference to implement good controls for IT operations. Entities should have appropriate policies and procedures in place to manage incidents. IT risks, information security and business continuity. Additionally, entities should ensure IT strategic plans and objectives support their overall business strategies and objectives.</p>	<p><b>1. Update and inform relevant strategies, policies, procedures and plans</b></p> <p><b>2. Review and update processes to continuously monitor and improve information security, business continuity, IT risks, IT operations, change management and physical security of IT infrastructure and</b></p>	<p>Manager Information Technology</p>	<p><b>30/06/2023</b></p>

## 11.2 2023 Consolidated Assurance Map

### Attachment details

Attachment No and title	
1.	2023 Consolidated Assurance Map [11.2.1 - 1 page]

Voting Requirement	:	Simple Majority
Subject Index	:	19/003 Audit and Risk Committee
Location/Property Index	:	N/A
Application Index	:	N/A
Disclosure of any Interest	:	Nil
Previous Items	:	Item 11.8 OCM 14 December 2021
Applicant	:	N/A
Owner	:	N/A
Responsible Division	:	Executive Services

### Council role

- Advocacy** When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.
- Executive** The substantial direction setting and oversight role of the Council eg adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
- Legislative** Includes adopting local laws, local planning schemes and policies.
- Review** When Council reviews decisions made by Officers.
- Quasi-Judicial** When Council determines an application/matter that directly affect a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of quasi-judicial authority include local planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.

### Purpose of report

To seek Council endorsement for the City's 2023 Consolidated Assurance Map (refer Attachment 11.2.1).

## Summary and key issues

The City of Belmont conducts and undertakes a range of audit and review activities.

The City has developed a coordinated approach to these activities, managed year to year by an Assurance Map (annual plan). This report is for endorsement of the Consolidated Assurance Map for the forthcoming year - 2023.

## Location

Not applicable.

## Consultation

There has been no specific consultation undertaken in respect to this matter.

## Strategic Community Plan implications

In accordance with the 2020 – 2040 Strategic Community Plan:

### Goal 5: Responsible Belmont

**Strategy:** 5.2 Manage the City's assets and financial resources in a responsible manner and provide the best possible services for the community.

**Strategy:** 5.6 Deliver effective, fair and transparent leadership and decision-making, reflective of community needs and aspirations.

## Policy implications

There are no policy implications associated with this report.

## Statutory environment

Section 7.2 of the *Local Government Act 1995* requires annual financial audits.

Regulation 14 of the *Local Government (Audit) Regulations 1996* requires that a compliance audit for the period 1 January to 31 December is completed each year in a form approved by the Minister.

Regulation 17 of the *Local Government (Audit) Regulations 1996* states the following:

**17.** CEO to review certain systems and procedures.

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
  - (a) risk management; and
  - (b) internal control; and
  - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.
- (3) The CEO is to report to the audit committee the results of that review.

Regulation 5(2) of the *Local Government (Financial Management) Regulations 1996* states the following:

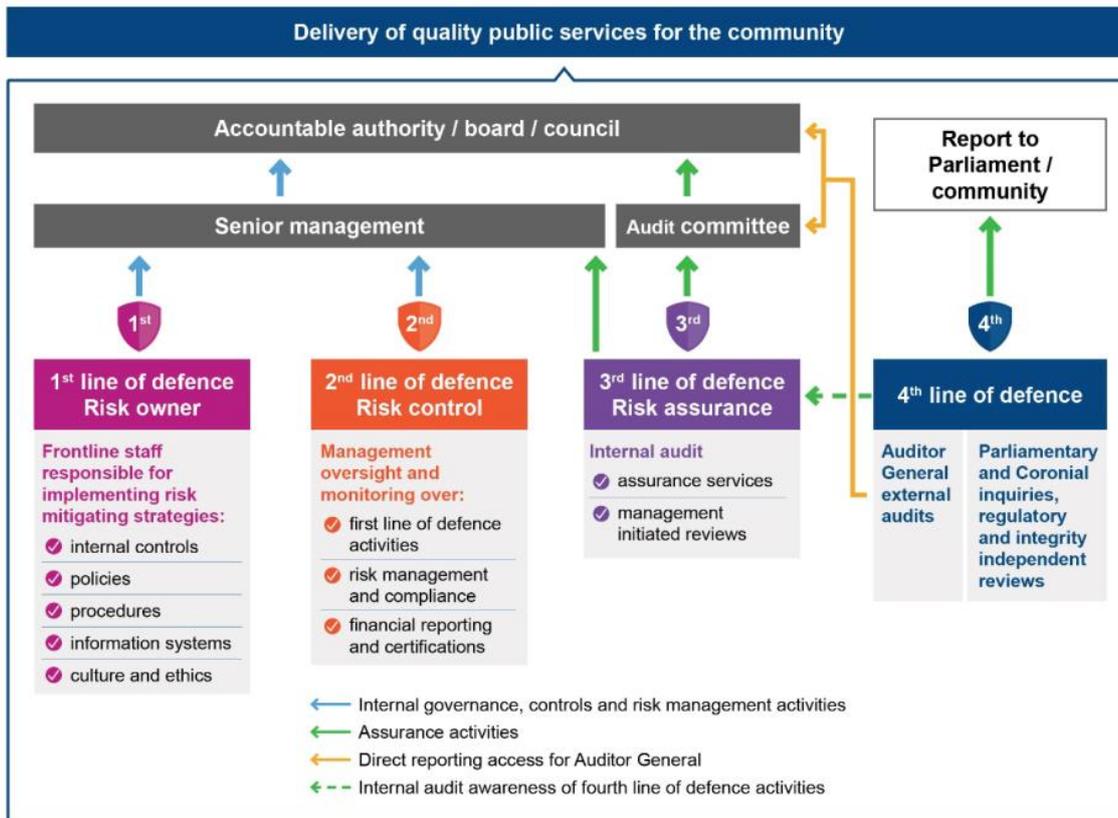
- (2) The CEO is to —
  - (a) ensure that the resources of the local government are effectively and efficiently managed; and
  - (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and
  - (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

In addition, under the International Standard ISO 9001:2015, Quality Management Systems, the City is required to conduct an annual program of internal and external audits to maintain certification of ISO Standards.

## **Background**

The 2023 Consolidated Assurance Map (Attachment 11.2.1) provides an overview of the audits and reviews planned for 2023 and is presented to the Standing Committee (Audit and Risk) for endorsement prior to consideration by Council.

Referencing in the Consolidated Assurance Map reflects the WA Public Sector Audit Committees – Better Practice Guide, issued by the Office of The Auditor General (25 June 2020) “Lines of Defence Model” as shown in Figure 1 below.



Source: OAG

## Officer comment

The 2023 Consolidated Assurance Map gives Council oversight of scope and focus of assurance activities for calendar 2023.

Assurance drivers are requirements for:

- Internal control and legislative compliance.
- Statutory external audit requirements.
- External certifications of Quality, Environmental and Occupational Health & Safety management systems.
- The need to support the City's chosen governance approach.
- The requirement to provide a comprehensive solution that can be undertaken with existing resources.

There are a number of focus audits that any area of the City could be subject to each year.

These could be conducted as internal audits or reviews, operational comparison reports, or by external third parties, the Department of Local Government, Sport and Cultural Industries, the Corruption and Crime Commission, Public Sector Commission or the Western Australian Office of the Auditor General. As these audits are carried out as required, they are not identified on the Consolidated Assurance Map.

## **Financial implications**

There are no financial implications evident at this time.

## **Environmental implications**

There are no environmental implications associated with this report.

## **Social implications**

There are no social implications associated with this report.

### **Officer Recommendation**

#### **Mr Back moved, Marks seconded**

That the Standing Committee (Audit and Risk) recommend that Council endorses the City of Belmont 2023 Consolidated Assurance Map as outlined in Attachment 11.2.1.

**Carried Unanimously 3 votes to 0**

**City of Belmont**  
**2023 - Consolidated Assurance Map**

	2023											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Organisational Reviews</b>												
Line Staff and Management												MGT
BMS Review												BMS
System Procedures												SP
<b>Corporate &amp; Governance</b>	CAR	CAR			SGS							
Public Relations and Stakeholder Engagement	CAR	CAR			SGS							
Finance	IA	CAR	CAR	OAG	SGS		IA			OAG		
Governance, Strategy and Risk	CAR	CAR			SGS							
Information Technology	CAR	CAR			SGS			IA		OAG		
<b>Development &amp; Communities</b>	CAR	CAR			SGS							
Economic and Community Development	CAR	CAR			SGS				IA			
Library, Culture and Place	CAR	CAR			SGS							
Planning Services	CAR	CAR		IA	SGS							
Safer Communities	CAR	CAR			IA	SGS						
<b>Executive Services</b>	CAR	CAR			SGS							
People and Culture	CAR	CAR			SGS					IA		
Work Health and Safety	CAR	CAR			SGS							
<b>Infrastructure Services</b>	CAR	CAR			SGS							
City Facilities and Property	CAR	CAR			SGS					IA		
City Projects	CAR	CAR			SGS	IA						
Design, Assets and Development	CAR	CAR			SGS						IA	
Parks, Leisure and Environment	CAR	CAR		IA	SGS							
Works	CAR	IA	CAR		SGS							IA

Legend	
<b>1st line of defence - Risk and Control Owner</b>	
MGT	Line Staff and Management
<b>2nd line of defence</b>	
CAR	Statutory Compliance Audit Return
BMS	Business Management System Review
SP	System Procedures
<b>3rd line of defence</b>	
IA	Internal Audit
<b>4th line of defence</b>	
OAG	Office of the Auditor General (OAG) - Financial Audit
SGS	Systems Certification - Quality, OHS, Environment

Note 1. Operational Comparisons are not identified on the Audit Plan as they are carried out as required.  
 Note 2. The May 2023 SGS audits are surveillance audits before re-certification audits in 2024.

## 11.3 Internal Audit Report

### Attachment details

Attachment No and title	
1.	CONFIDENTIAL - Internal Audit Report - Information Technology OAG IT Follow Up Audit (Confidential matter in accordance with Local Government Act 1995 section 5.23(2)(h) [11.3.1 - 4 pages]
2.	CONFIDENTIAL - Internal Audit Report - Building Permit Approvals (Confidential matter in accordance with Local Government Act 1995 section 5.23(2)(h) [11.3.2 - 5 pages]

Voting Requirement	:	Simple Majority
Subject Index	:	19/006
Location/Property Index	:	N/A
Application Index	:	N/A
Disclosure of any Interest	:	N/A
Previous Items	:	N/A
Applicant	:	N/A
Owner	:	N/A
Responsible Division	:	Executive Services

### Council role

- Advocacy** When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.
- Executive** The substantial direction setting and oversight role of the Council eg adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
- Legislative** Includes adopting local laws, local planning schemes and policies.
- Review** When Council reviews decisions made by Officers.
- Quasi-Judicial** When Council determines an application/matter that directly affect a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of quasi-judicial authority include local planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.

### Purpose of report

To submit two completed internal audit reports to the Standing Committee (Audit and Risk). These audits have been completed in accordance with the Council approved 2022 - 2023 annual internal audit plan.

## Summary and key issues

Internal audit report findings for the two audits follow. The consequence levels of not implementing mitigating controls is moderate.

### Corporate and Governance Division – OAG June 2021 IT Audit, Follow Up.

1. A number of control reports should be produced and checked (signed) to confirm systems were operating correctly.

### Development and Communities Division – “Building Permit Approvals.

1. Building Permit Checklist Forms did not have a section for Building Surveying Officers to declare if they had a conflict of interest.
2. The Total Pool Data excel spreadsheet, which is the main document to manage pool / spa safety barrier inspections was not locked / restricted access.
3. Not all emails sent out with permits were recorded in ECM.
4. The City did not have a documented process for refunding permit application fees.

Findings and recommendations are further detailed in the attached reports (Confidential Attachments 11.3.1 and 11.3.2). These findings are being addressed by the relevant officers.

## Location

Not applicable.

## Consultation

Internal Audit reports were reviewed by staff, managers, directors and the CEO before being issued for action.

This ensures collective agreement on findings, recommendations, and management actions.

## Strategic Community Plan implications

In accordance with the 2020 – 2040 Strategic Community Plan:

### Goal 5: Responsible Belmont

**Strategy:** 5.2 Manage the City's assets and financial resources in a responsible manner and provide the best possible services for the community.

**Strategy:** 5.6 Deliver effective, fair and transparent leadership and decision-making, reflective of community needs and aspirations.

## Policy implications

There are no policy implications associated with this report.

## Statutory environment

### Local Government Act 1995

#### 7.1A. Audit committee

(1) A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.

### Local Government (Audit) Regulations 1996

#### 16. Functions of audit committee

An audit committee has the following functions —

- (a) to guide and assist the local government in carrying out —
  - (i) its functions under Part 6 of the Act; and
  - (ii) its functions relating to other audits and other matters related to financial management.
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;
- (c) to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —
  - (i) report to the council the results of that review; and
  - (ii) give a copy of the CEO's report to the council.
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
  - (i) regulation 17(1); and
  - (ii) the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- (f) to oversee the implementation of any action that the local government —
  - (i) is required to take by section 7.12A(3); and

- (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and
  - (iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and
  - (iv) has accepted should be taken following receipt of a report of a review conducted under the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.

[Regulation 16 inserted: Gazette 26 Jun 2018 p. 2386-7.]

#### 17. CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
  - (a) risk management; and
  - (b) internal control; and
  - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in sub regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.
- (3) The CEO is to report to the audit committee the results of that review.

[Regulation 17 inserted: Gazette 8 Feb 2013 p. 868;

amended: Gazette 26 Jun 2018 p. 2387.]

### **Local Government (Financial Management) Regulations 1996**

#### 5(2) CEO's duties as to financial management

- (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

### **Background**

The internal audit function operates in accordance with Council approved Terms of Reference (T of R) and Council approved annual internal audit plans.

The T of R requires the Internal Auditor to be functionally accountable to the CEO and Council via the Standing Committee (Audit and Risk).

The T of R also requires final engagement audit reports be issued to the CEO and Council via the Standing Committee (Audit and Risk) as directed.

## **Officer comment**

### **Corporate and Governance Division – OAG June 2021 IT Audit, Follow Up**

(Confidential Attachment 11.3.1)

The internal audit objectives were to ensure recommendations in the OAG's IT report for the year ending 30 June 2021 were implemented by 30 June 2022.

The conclusion is that recommendations in the OAG's IT report were substantially addressed but there has been a carryover of remedial work to 2022 - 2023.

The internal audit recommended the following control reports be run regularly and signed checked to confirm systems were operating effectively:

1. Cyber CX firewall effectiveness test results report.
2. Cisco ISE unauthorized device access attempt results report.
3. HR ceased employee report.
4. Disaster Recovery test results report.
5. Dell Vulnerability scan report.
6. User Access Management report.
7. Remote User Access report.
8. Data base log report.
9. Dell SOC log of unauthorized Access or Malicious Activity report.

The consequence levels of not implementing mitigating controls is moderate.

Management has accepted all recommendations and these recommendations have been entered into Audit Logs for tabling at Standing Committee (Audit and Risk) meetings until closed out.

### **Development and Communities Division – Building Permit Approvals**

(Confidential Attachment 11.3.2)

The Internal Audit objectives were to verify the correct approval of building and other permits.

The conclusion is the Building Industry is highly regulated and local government entities must comply with the requirements of Building Act 2011 when assessing building permit applications and issuing permits within the legislated timeframes.

The City has well documented processes and systems for managing building applications, approvals, and reporting to the relevant authorities. From the audit sampling, building permit approval processes were followed.

The Internal Audit made the following recommendations:

1. Building Permit Checklist Forms did not have a section for Building Surveying Officers to declare if they have a conflict of interest.

The department addressed this recommendation immediately by updating the form to provide for declaration of conflict of interest.

2. The Total Pool Data excel spreadsheet, which is the main document to manage pool / spa safety barrier inspections was not locked / restricted access.

The department addressed this recommendation immediately by locking the spreadsheet.

3. Not all emails sent out with permits were recorded in ECM.

The department has addressed this recommendation.

4. The City did not have a documented process for refunding permit application fees. At the time of this report this recommendation is open.

The consequence levels of not implementing mitigating controls is moderate.

Management has accepted all recommendations and these recommendations have been entered into Audit Logs for tabling at Standing Committee (Audit and Risk) meetings until closed out.

### **Financial implications**

There are no financial implications evident at this time.

### **Environmental implications**

There are no environmental implications associated with this report.

### **Social implications**

There are no social implications associated with this report.

## Officer Recommendation

### Marks moved, Mr Back seconded

That the Standing Committee (Audit and Risk) accepts the two internal audit reports from the Internal Auditor (Confidential Attachments 11.3.1 and 11.3.2) and recommends that Council:

1. Receives the report (Confidential Attachment 11.3.1) titled “Internal Audit – Information Technology – OAG Follow Up Audit”; and
2. Receives the report (Confidential Attachment 11.3.2) titled “Internal Audit – Building Permit Approvals”.
3. Notes the City of Belmont management comments in Confidential Attachments 11.3.1 and 11.3.2 and actions to be undertaken in response to the internal audit findings.

**Carried Unanimously 3 votes to 0**

## 12 Next Meeting

The next meeting of the Standing Committee (Audit and Risk) will be held on Monday, 27 February 2023 commencing at 6.30pm.

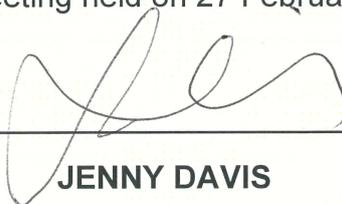
## 13 Closure

**There being no further business, the Presiding Member thanked everyone for their attendance and closed the meeting at 7.37pm.**

## Minutes confirmation certification

The undersigned certifies that these Minutes of the Standing Committee (Audit and Risk) held on 14 December 2022 were confirmed as a true and accurate record at the Standing Committee (Audit and Risk) meeting held on 27 February 2023:

Signed by the Person Presiding: \_\_\_\_\_



PRINT name of the Person Presiding:

**JENNY DAVIS**