



# Standing Committee (Audit and Risk)

# Minutes

Monday 14 February 2022

**BELMONT**  
CITY OF OPPORTUNITY



# CITY OF BELMONT

## Standing Committee (Audit and Risk)

### Minutes

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- Attachment 11.1.1 – Item 11.1 refers
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**Confidential Attachments Index**

- Confidential Attachment 10.1.1 – Item 10.1 refers
- Confidential Attachment 10.2.1 – Item 10.2 refers
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- Confidential Attachment 10.3.2 – Item 10.3 refers
- Confidential Attachment 11.2.3 – Item 11.2 refers

**Minutes from the Standing Committee (Audit and Risk) held in the Rivervale Room, City of Belmont Civic Centre, 215 Wright Street, Cloverdale on Monday 14 February 2022 commencing at 6.38pm.**

# Minutes

## Present

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

## In attendance

Mr J Christie	Chief Executive Officer
Ms M Bell	Director Corporate and Governance
Mr B Godfrey	Internal Auditor
Ms V Govender	Manager Finance
Mr M Smith	Manager Information Technology
Mrs M Lymon	Acting Manager Governance
Mrs J Cherry-Murphy	Senior Governance Officer

## Guests

Mr M Ambrose	Senior Director, Office of the Auditor General
Ms I Yap	Principal Auditor, Office of the Auditor General
Mr M Chumak	Senior Information Systems Auditor, Office of the Auditor General

## I Official Opening

**6.38pm 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

Nil.

## 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 24 November 2021**

#### **Officer Recommendation**

**Marks moved, Rossi seconded**

That the Minutes of the Standing Committee (Audit and Risk) Meeting held on 24 November 2021 be confirmed as a true and accurate record.

**Carried Unanimously 5 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**

### **8.1 Committee member name**

Nil.

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

Nil.

## 10 Information items

### 10.1 Audit Log – Office of the Auditor General (OAG) Audits

#### Attachment details

Attachment No and title
1. CONFIDENTIAL - City of Belmont Audit Log (Confidential Matter in accordance with the Local Government Act 1995 Section 5.23(2)(f)ii) [10.1.1 - 11 pages]

An Audit Log (refer Confidential Attachment 10.1.1) 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.

A question was asked and responded to as follows:

- A number of the audit findings that are still progressing are expected to be completed in the next two to three months.

## 10.2 Information Systems (IT General Controls) Audit Findings - Year Ended 30 June 2021

### Attachment details

Attachment No and title
1. CONFIDENTIAL - Final Management Letter Confidential Matter in Accordance with Local Government Act 1995 Section 5_2 [10.2.1 - 28 pages]

### Reasons for Confidentiality

This report is confidential in accordance with Section 5.23(2) of the *Local Government Act 1995* which permits the meeting to be closed to the public for business relating to the following:

h. such other matters as may be prescribed.

### Officer Recommendation

**Davis moved, Bass seconded**

That the Standing Committee (Audit and Risk) note the Report and information provided, and the upcoming reports to the Standing Committee (Audit and Risk).

**Carried Unanimously 5 votes to 0**

## 10.3 Financial Management Review

### Attachment details

Attachment No and title	
1.	CONFIDENTIAL - Engagement letter Regulation 5 (Confidential Matter in Accordance with Local Government Act 1995 Section 5.23(2)(c)) [10.3.1 - 2 pages]
2.	CONFIDENTIAL - Engagement letter Regulation 17 (Confidential Matter in Accordance with Local Government Act 1995 Section 5.23(2)(c)) [10.3.2 - 2 pages]

Regulation 5 (2) (c) of the *Local Government (Financial Management) Regulations 1996* requires the Chief Executive Officer (CEO) to undertake a review of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (not less than once in every three financial years) and report to the Audit and Risk Committee the results of the review.

Further, Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the CEO to undertake reviews of the appropriateness and effectiveness of a local government's systems and procedures in relation to —

1. risk management; and
2. internal control; and
3. legislative compliance.

This review is to be performed not less than once in every three financial years and the CEO is to report to the Standing Committee (Audit and Risk) the results of the review.

The last Financial Management Review was performed in 2019 by Grant Thornton Pty Ltd. In December 2021 the City requested quotations for the services of a financial consultant to:

1. undertake the Financial Management Review and Systems and Procedures Review on behalf of the CEO; and
2. submit a report to Audit and Risk Committee outlining their findings.

Paxon Business and Financial Services Pty Ltd was successful in securing this contract due to their experience and capacity to provide the required services. The review will be conducted during the period January 2022 to March 2022 with the final report to be provided to the Standing Committee (Audit and Risk) .

The details of the engagement letter for these reviews are included at Attachment 10.3.1 and 10.3.2.

A question was asked and responded to as follows:

- The Manager Finance confirmed this meets the City's Procurement Strategy.

# 11 Items requiring recommendation to Council

## 11.1 Statutory Compliance Audit Return 2021

### Attachment details

Attachment No and title	
1.	2021 Compliance Audit Return [11.1.1 - 17 pages]

Voting Requirement	:	Simple Majority
Subject Index	:	39/005 Statutory Compliance Return
Location/Property Index	:	N/A
Application Index	:	N/A
Disclosure of any Interest	:	Nil
Previous Items	:	22 February 2021 SC (AR) - Item 11.1 23 March 2021 OCM - Item 12.2
Applicant	:	N/A
Owner	:	N/A
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 e.g. 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 (e.g. 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 Council with the outcomes of the Statutory Compliance Audit Return for the period 1 January 2021 to 31 December 2021 as provided for in Attachment 11.1.1.

## Summary and key issues

It is a requirement of the *Local Government Act 1995* that all local governments carry out an audit of compliance in the prescribed manner and form approved by the Minister. The Department of Local Government, Sport and Cultural Industries provided a set of questions via the Departmental Portal in January 2022. The 2021 audit questions focus on key areas of potential non-compliance as in previous years.

The City of Belmont's 2021 compliance score is 99%. This is up from 94% in 2020. The area of non-compliance is addressed within the Officer Comment of the report with an explanation.

## 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:** 5.6 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

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 14 also requires the Standing Committee (Audit and Risk) to review the Compliance Audit Return and present those results to Council. The Compliance Audit Return is then to be adopted by Council and recorded in the minutes.

Regulation 15 of the *Local Government (Audit) Regulations 1996* requires that after the adoption by Council of the Compliance Audit Return, a certified copy (signed by both the Mayor and Chief Executive Officer) of the return, together with a copy of the minutes of the

meeting in which the return was adopted and any additional information is required to be submitted to the Executive Director of the Department of Local Government, Sport and Cultural Industries by 31 March 2022.

## **Background**

The compliance audit period is 1 January to 31 December 2021. Once the audit is completed the City is required to:

1. Present the Compliance Audit Return to the Standing Committee (Audit and Risk).
2. Present the Compliance Audit Return to Council.
3. Seek Council's endorsement of the completed Compliance Audit Return.
4. Return the endorsed and certified Compliance Audit Return, along with a copy of the Council Minutes, to the Department of Local Government, Sport and Cultural Industries by no later than 31 March 2022.

In completing the Compliance Audit Return, the Chief Executive Officer and other designated officers have undertaken:

- an audit of the City's activities, practices and procedures applicable to each section; and
- ensures the requirement is met that the return ensures that an independent, thorough and rigorous process is undertaken.

The audit questions for the 2021 period focused on key areas of potential non-compliance and areas affected by regulatory change.

The Compliance Audit Return is required to be completed online through the Department of Local Government, Sport and Cultural Industries website. A copy of the completed return is provided as Attachment 11.1.1 to this report and is a printout of the City's registered responses.

Once Council has resolved its satisfaction with the contents of the return, it can be jointly certified by the Mayor and Chief Executive Officer and submitted to the Department of Local Government, Sport and Cultural Industries via the Departmental Portal Smart Hub.

Results of the Compliance Audit Return are published on the My Council website by the Department of Local Government, Sport and Cultural Industries.

## **Officer comment**

Following receipt of the Compliance Audit Return questions through the Department of Local Government, Sport and Cultural Industries portal in January 2022, City of Belmont Officers conducted an internal audit to determine responses to questions in the Compliance Audit Return. To further substantiate responses, the City has opted to provide evidence through citation of items from the City's Council Meeting Minutes and documents registered

in the Electronic Document Management System (ECM). Reference is also made to information contained in hard copy files, which includes original copies of Elected Member and designated officer Primary and Annual Returns.

When reading the questions shown in the Compliance Audit Return

(refer Attachment 11.1.1) they should be read in conjunction with the relevant extract of the *Local Government Act 1995* (the Act) and / or associated Regulations.

The 2021 Statutory Compliance Audit Return contains a total of 98 questions. This is a decrease of four questions from the 2020 return. There has been rewording of previous questions and new questions relating to the 2021 amendments to the *Local Government Act 1995* and associated Regulations. A summary of the compliance areas and the City of Belmont assessment is as follows:

<b>Compliance Area (Total Questions for Area)</b>	<b>Full Compliance / Not Applicable</b>	<b>Non-Compliance</b>
Commercial Enterprises by Local Government (5)	5	0
Delegation of Power / Duty (13)	13	0
Disclosure of Interest (25)	24	0
Disposal of Property (2)	2	0
Elections (3)	3	0
Finance (7)	6	1
Integrated Planning and Reporting (3)	3	0
Local Government Employees (6)	6	0
Official Conduct (3)	3	0
Optional Questions (Pertaining to Financial Management and Policy) (9)	9	0
Tenders for Providing Goods and Services (22)	22	0
<b>Total Questions (98)</b>	<b>97</b>	<b>1</b>

The City of Belmont 2021 Compliance Score is 99%.

Responses provided by City Officers have been considered by Governance Officers to check for compliance and evidence. Further clarification and communication has taken place with business units where required.

### **Area of Non-Compliance**

#### **Finance**

This non-compliance has occurred as a result of the Office of the Auditor General (OAG) not being able to complete the auditor's report for the financial year ending 30 June 2021 by 31 December 2021. The audit had been carried out, though the OAG advised by email on 23 December 2021 of the inability to meet the deadline to provide the report by

31 December 2021 due to resourcing issues experienced by the OAG.

The auditor's report has now been received from the OAG and is the subject of a separate item for Standing Committee (Audit and Risk) consideration.

### **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**

### **Rossi moved, Davis seconded**

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

1. Receive and adopt the 2021 Compliance Audit Return as provided in Attachment 11.1.1.
2. Authorise the Mayor and Chief Executive Officer to complete the Joint Certification of the 2021 Compliance Audit Return.
3. Direct the Chief Executive Officer to submit the certified 2021 Compliance Audit Return and a copy of the minutes relative to this report to the Department of Local Government, Sport and Cultural Industries by 31 March 2022 in accordance with the *Local Government (Audit) Regulations 1996*.
4. Direct the Chief Executive Officer to provide a report to the next meeting of the Standing Committee (Audit and Risk) outlining the actions taken addressing the areas of non-compliance.

**Carried Unanimously 5 votes to 0**

# Attachment 11.1.1 2021 Compliance Audit Return

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
**Local Government, Sport  
and Cultural Industries**

## Belmont - Compliance Audit Return 2021

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2021?	NA	No major land transactions entered into in 2021	Manager City Facilities and Property
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2021?	NA	No major land transactions entered into in 2021	Manager City Facilities and Property
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2021?	NA	No major land transactions entered into in 2021	Manager City Facilities and Property
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2021?	NA	No major land transactions entered into in 2021	Manager City Facilities and Property
5	s3.59(5)	During 2021, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	NA	No major land transactions entered into in 2021	Manager City Facilities and Property

# Attachment 11.1.1 2021 Compliance Audit Return

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
**Local Government, Sport  
and Cultural Industries**

## Belmont - Compliance Audit Return 2021

Delegation of Power/Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16	Were all delegations to committees resolved by absolute majority?	YES	22 /6/2021 OCM Minutes – Item 12.6	Compliance Administrator
2	s5.16	Were all delegations to committees in writing?	N/A	No delegations to committees	Compliance Administrator
3	s5.17	Were all delegations to committees within the limits specified in section 5.17?	N/A	No delegations to committees	Compliance Administrator
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A	No delegations to committees	Compliance Administrator
5	s5.18	Has council reviewed delegations to its committees in the 2020/2021 financial year?	Yes	22/6/ 2021 OCM Minutes Item 12.6	Compliance Administrator
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Act?	Yes	22/6/2021 OCM Minutes Item 12.6	Compliance Administrator
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	22/6/21 OCM Minutes Item 12.6	Compliance Administrator
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	22/6/21 OCM Minutes Item 12.6	Compliance Administrator
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	ECM Folder 11/005	Compliance Administrator
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	N/A	No delegations were amended or revoked	Compliance Administrator
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes	ECM 11/005 DSID 5218314	Compliance Administrator
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2020/2021 financial year?	Yes	Review May 2021	Compliance Administrator
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Admin Reg 19?	Yes	ECM Folder 11/005	Compliance Administrator

# Attachment 11.1.1 2021 Compliance Audit Return

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
**Local Government, Sport  
and Cultural Industries**

## Belmont - Compliance Audit Return 2021

Disclosure of Interest					
No	Reference	Question	Response	Comments	Respondent
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	N/A		Compliance Administrator
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by Admin Reg 21A, recorded in the minutes of the relevant council or committee meeting?	N/A	No instances.	Compliance Administrator
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) recorded in the minutes of the meeting at which the disclosures were made?	Yes		Compliance Administrator
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes	ECM Folder 163/001001Physical Individual files and Register maintained by Compliance Administrator in Compliance Area	Compliance Administrator
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2021?	Yes	ECM Folder 163/001001Physical Individual files and Register maintained by Compliance Administrator in Compliance Area	Compliance Administrator
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes	ECM Folder 163/001Physical Individual files and Register maintained by Compliance Administrator in Compliance Area	Compliance Administrator
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76?	Yes	ECM Folder 163/001Physical Individual files and Register maintained by Compliance	Compliance Administrator

# Attachment 11.1.1 2021 Compliance Audit Return

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
**Local Government, Sport  
and Cultural Industries**

				Administrator in Compliance Area	
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A, in the form prescribed in Admin Reg 28?	Yes		Compliance Administrator
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76, did the CEO remove from the register all returns relating to that person?	Yes	All returns that have been removed are retained in accordance with the General Disposal Authority for Local Government. Electronic versions are moved to 163/002 Expired Disclosures	Compliance Administrator
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes	All returns that have been removed are retained in accordance with the General Disposal Authority for Local Government. (7yrs disposal). Electronic versions are moved to 163/002 Expired Disclosures	Compliance Administrator
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B, in the form prescribed in Admin Reg 28A?	Yes	DSID 4937126 No disclosures made during the period	Compliance Administrator
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	DSID 4937126	Compliance Administrator
13	s5.89A(6)	When a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B, did the CEO remove from the register all records relating to that person?	Yes	Register is checked bimonthly by Compliance Administrator with former employees records removed and forwarded to Records for disposal	Compliance Administrator
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	ECM Folder 163/004 Expired Gift and Hospitality Disclosures	Compliance Administrator
15	Rules of Conduct Reg 11(1), (2) & (4)	Where a council member had an interest that could, or could reasonably be perceived to, adversely affect the impartiality of	Yes	ECM DSID 4936844 (23/2/21)	Compliance Administrator

# Attachment 11.1.1 2021 Compliance Audit Return

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
**Local Government, Sport  
and Cultural Industries**

		the person, did they disclose the interest in accordance with Rules of Conduct Reg 11(2)?*			
		*Question not applicable after 2 Feb 2021			
16	Rules of Conduct Reg 11(6)	Where a council member disclosed an interest under Rules of Conduct Reg 11(2) was the nature of the interest recorded in the minutes?*	Yes	23/2/2021 OCM Impartiality	Compliance Administrator
		*Question not applicable after 2 Feb 2021			
17	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes	OCM 14/12/21- J Christie (12.6) OCM 28/9/21-J Christie (14.2) Left ABF 21/9/21-J Christie 7.2 left OCM 22/6/21-J Christie (12.4) ABF 15/6/21-J Christie (12.4) OCM 25/5/21-J Christie (12.3)(14.1)(14.2 left) ABF 18/5/21-J Christie (12.3)(14.1)(14.2) Executive Committee 23/8/2021 J Christie Item11.1 Executive Committee J Christie 19/4/2021 Item 11.2 & 11.1	Compliance Administrator
18	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A	No instances occurred.	Compliance Administrator
19	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) recorded in the minutes of the council meeting at which the decision was considered?	N/A	No Instances occurred	Compliance Administrator
20	s5.103 Admin Regs 34B & 34C	Has the local government adopted a code of conduct in accordance with Admin Regs 34B and 34C to be observed by council members, committee	Yes	ECM DSID 1535691	Compliance Administrator

# Attachment 11.1.1 2021 Compliance Audit Return

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
**Local Government, Sport  
and Cultural Industries**

		members and employees? *			
		*Question not applicable after 2 Feb 2021			
21	Admin Reg 34B(5)	Has the CEO kept a register of notifiable gifts in accordance with Admin Reg 34B(5)?*	Yes	ECM DSID 4860251	Compliance Administrator
		*Question not applicable after 2 Feb 2021			
22	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)?	Yes	27/4/2021 OCM Minutes Item 12.5	Compliance Administrator
23	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4)?	N/A	No additional requirements	Compliance Administrator
24	s5.104(7)	Did the CEO publish an up-to-date version of the adopted code of conduct on the local government's website?	Yes	Council Members, Committee Members and Candidates Code of Conduct ECM DSID 5008105	Compliance Administrator
25	s5.51A(1) & (3)	Did the CEO prepare, and implement and publish an up-to-date version on the local government's website, a code of conduct to be observed by employees of the local government?	Yes	City of Belmont Code of Conduct DSID 1535691 is still current and is being reviewed.	Compliance Administrator/Human Resources Manager

## Belmont - Compliance Audit Return 2021

Disposal of Property					
No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) (unless section 3.58(5) applies)?	Yes	4895801 – portion of 213 Wright St, Belmont Hub Café, Cloverdale	Manager City Facilities and Property
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the	Yes	As above	Manager City Facilities and Property

# Attachment 11.1.1 2021 Compliance Audit Return

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
**Local Government, Sport  
and Cultural Industries**

required local public notice for each  
disposal of property?

## Attachment 11.1.1 2021 Compliance Audit Return

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
**Local Government, Sport  
and Cultural Industries**

### Belmont - Compliance Audit Return 2021

Elections					
No	Reference	Question	Response	Comments	Respondent
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate?	Yes	No Electoral gift declarations received for 2021 Elections.	Compliance Administrator
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years?	N/A	No Electoral Gift disclosure forms received for 2021 elections	Compliance Administrator
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with Elect Reg 30G(6)?	Yes	DSID 4772695	Compliance Administrator

# Attachment 11.1.1 2021 Compliance Audit Return

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
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## Belmont - Compliance Audit Return 2021

Finance						
No	Reference	Question	Response	Comments	Respondent	
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act?	Yes	SCM 18/10/2021	Compliance Administrator	
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority?	N/A	No delegations to committees	Compliance Administrator	
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2021 received by the local government by 31 December 2021?	No	Was not completed by deadline due to OAG's workload DSID 5214101	Manager Finance	
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9(1) of the Act required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	Yes	OAG Performance Audit: Financial Hardship Audit DSID 5209452.	Manager Finance/Compliance Administrator	
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	Yes	OAG Performance Audit: Financial Hardship Audit DSID 5209452. OCM 14/12/2021 Item 12.	Manager Finance/Compliance Administrator	
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under s7.12A(4)(b), did the CEO publish a copy of the report on the local government's official website?	Yes	OAG Financial Hardship Action plan DSID 5207198	Compliance Administrator	
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June received by the local government within 30 days of completion of the audit?	N/A	Financial Audit was not finalised on the 31 December 2021	Manager Finance	

## Attachment 11.1.1 2021 Compliance Audit Return

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
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### Belmont - Compliance Audit Return 2021

<b>Integrated Planning and Reporting</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	21/8/2020	Compliance Administrator
2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	22/6/2021 OCM Item 12.5	Compliance Administrator
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Admin Reg 19DA(2) & (3)?	Yes		Compliance Administrator

## Attachment 11.1.1 2021 Compliance Audit Return

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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### Belmont - Compliance Audit Return 2021

Local Government Employees					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 18C	Did the local government approve a process to be used for the selection and appointment of the CEO before the position of CEO was advertised?	N/A	No CEO recruitment	Human Resources Manager
2	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Admin Reg 18A?	N/A	No CEO vacancies advertised. City does not have senior employees as defined in LG Act	Human Resources Manager
3	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A	No CEO Recruitment	Human Resources Manager
4	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4)?	N/A	No CEO Recruitment	Human Resources Manager
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	N/A	City does not have senior employees as defined in LG Act	Human Resources Manager
6	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A	City does not have senior employees as defined in LG Act	Human Resources Manager

# Attachment 11.1.1 2021 Compliance Audit Return

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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## Belmont - Compliance Audit Return 2021

Official Conduct						
No	Reference	Question	Response	Comments	Respondent	
1	s5.120	Has the local government designated a senior employee as defined by section 5.37 to be its complaints officer?	N/A	The City does not have senior employee as defined by s5.37. The CEO has designated the Director Corporate and Governance to be the Complaints Officer(s.5.120(1)).	Compliance Administrator	
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a)? Does the complaints register include all information required by section 5.121(2)?	Yes	ECM Folder 164/001 DSID 4773290	Compliance Administrator	
3	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes	DSID 4773290	Compliance Administrator	

# Attachment 11.1.1 2021 Compliance Audit Return

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
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## Belmont - Compliance Audit Return 2021

Optional Questions					
No	Reference	Question	Response	Comments	Respondent
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with Financial Management Reg 5(2)(c) within the three years prior to 31 December 2021? If yes, please provide the date of council's resolution to accept the report.	Yes	SC(AR) 25/2/2019 Item 11.3 OCM 26/3/2019 Item 11.1	Manager Finance
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Audit Reg 17 within the three years prior to 31 December 2021? If yes, please provide date of council's resolution to accept the report.	Yes	SC(AR) 25/2/2019 Item 11.3 OCM 26/3/2019 Item 11.1	Manager Finance
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B, was the disclosure made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C?	N/A	No disclosures exceeding threshold amount	Compliance Administrator
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?	Yes	DSID 1894704 OCM 23/2/2021 Item 12.7 BEXB3.4	Compliance Administrator
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4)?	Yes		Compliance Administrator
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	DSID 1894704 OCM 23/2/2021 Item 12.7 BEXB5.2	Compliance Administrator
7	s5.127	Did the local government prepare a report on the training completed by	Yes	DSID 4773154	Compliance Administrator

## Attachment 11.1.1 2021 Compliance Audit Return

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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		council members in the 2020/2021 financial year and publish it on the local government's official website by 31 July 2021?			
8	s6.4(3)	By 30 September 2021, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2021?	Yes	DSID 5217635	Manager Finance
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	Nothing identified through October Budget Review.	Manager Finance

# Attachment 11.1.1 2021 Compliance Audit Return

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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## Belmont - Compliance Audit Return 2021

Tenders for Providing Goods and Services				
No Reference	Question	Response	Comments	Respondent
1 F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy [adopted under F&G Reg 11A(1) & (3)] in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes		Coordinator Procurement
2 s3.57 F&G Reg 11	Subject to F&G Reg 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in F&G Reg 11(1)?	Yes	See ECM folder 114/2021	Coordinator Procurement
3 F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with F&G Reg 14(3) and (4)?	Yes	See tender register ECM# 4877816	Coordinator Procurement
4 F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than a single contract?	N/A		Coordinator Procurement
5 F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation?	Yes –	Uploaded to eTendering portal ECM# 4914734, 5075072, 5176332	Coordinator Procurement
6 F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Regs 15 and 16?	Yes		Coordinator Procurement
7 F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes	<a href="https://www.belmont.wa.gov.au/docs/ecm/tender-register-2021.pdf">https://www.belmont.wa.gov.au/docs/ecm/tender-register-2021.pdf</a>	Coordinator Procurement
8 F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A		Coordinator Procurement
9 F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes	ECM# 4963485, 5086489, 5203480	Coordinator Procurement
10 F&G Reg	Did the CEO give each tenderer written notice	Yes	Successful	Coordinator

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# Attachment 11.1.1 2021 Compliance Audit Return

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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19	containing particulars of the successful tender or advising that no tender was accepted?		letters ECM# 5000799, 5102139, 5203488 Unsuccessful letters ECM# 5000798, 5000796, 5000788, 5102078, 5102134, 5102133, 5102077	Procurement
11 F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of F&G Regs 21 and 22?	N/A		Coordinator Procurement
12 F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A		Coordinator Procurement
13 F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under F&G Reg 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	N/A		Coordinator Procurement
14 F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with F&G Reg 24?	N/A		Coordinator Procurement
15 F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with F&G Reg 24AD(4) and 24AE?	N/A		Coordinator Procurement
16 F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A		Coordinator Procurement
17 F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A		Coordinator Procurement
18 F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of F&G Reg 24AG?	N/A		Coordinator Procurement
19 F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A		Coordinator Procurement
20 F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written	N/A		Coordinator Procurement

## Attachment 11.1.1 2021 Compliance Audit Return

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	evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?		
21 F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	Coordinator Procurement
22 F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of F&G Regs 24E and 24F?	N/A	Coordinator Procurement

## 11.2 2020-2021 Annual Audited Financial Statement

### Attachment details

<i>Attachment No and title</i>	
1.	2020-2021 Annual Financial Statement [11.2.1 - 66 pages]
2.	City of Belmont - 30 June 2021 - Final management letter [11.2.2 - 4 pages]
3.	CONFIDENTIAL - City of Belmont - 30 June 2021 - Exit meeting - closing report [11.2.3 - 6 pages]
4.	City of Belmont 30 June 2021 Representation letter [11.2.4 - 5 pages]

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 Audit and Risk Committee ('the Committee') with details of the outcomes of the 30 June 2021 financial audit, present the audited Annual Financial Statements, Management Letter and Exit Closing Report for the year ended 30 June 2021.

## Summary and key issues

*The Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996* requires the preparation and audit of a Local Government Annual Financial Statements. Subsequent to the audit the Audited Financial statement is 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 Report 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**

The auditor is required to examine the accounts and annual financial report submitted for audit and 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 (2) of the Act provides that the auditor must meet with the local government at least once every financial year.

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

### **9. Performance of audit**

- (1) An Audit is to be carried out in accordance with the “Auditing Standards” and “Auditing Guidance Statements” adopted from time to time by the Australian Society of Certified Practising Accountants and The Institute of Chartered Accountants in Australia.
- (2) An Auditor is to carry out such work as is necessary to form an opinion as to whether —
  - (a) the accounts are properly kept; and
  - (b) the annual financial report —
    - (i) is prepared in accordance with the financial records; and
    - (ii) represents fairly the results of the operations of the local government and the financial position of the local government at 30 June in accordance with the Australian Accounting Standards and 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 is to include —
  - (a) any material matters that in the opinion of the auditor indicate significant adverse trends in the financial position or the financial management practices of the local government; and
  - (b) any matters indicating non-compliance with Part 6 of the Act, the Local Government (Financial Management) Regulations 1996 or applicable financial controls in any other written law; and
  - (c) details of whether information and explanations were obtained by the auditor; and
  - (d) a report on the conduct of the audit; and
  - (e) the opinion of the auditor as to whether or not the following financial ratios included in the annual financial report are supported by verifiable information and reasonable assumptions —
    - (i) the asset consumption ratio; and
    - (ii) the asset renewal funding ratio.
- (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 Office of the Auditor General (OAG) has performed its third consecutive audit for the City of Belmont. Prior to commencing the financial audit OAG also performed the City's information systems audit. This preliminary audit determines the extent of testing that will be performed during the financial audit. The findings from the information systems audit is covered in a separate report to the Standing Committee (Audit and Risk) (item number 10.2).

In accordance with the Terms of Reference of the Standing Committee (Audit and Risk), the Committee must review the Audited Annual Financial Statements and audit findings (Attachments 11.2.1 and 11.2.2). Approval is also sought for the Committee to endorse the Annual Financial Statements together with the representation letter. The audited financial statement, a key component of the City's Annual Report is scheduled to be presented at the Annual General Meeting of Electors on the 16 March 2022.

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 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 2021 to be prepared and presented to the auditor by 30 September 2021. Accordingly, the City submitted the completed 2020-2021 Draft Annual Financial Statement to OAG for review on 23 September 2021.

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 2021. The City received the Exit Closing report on the 3 February 2022. The Auditor General for Western Australia, Caroline Spencer has forwarded correspondence to the CEO and the Mayor providing the following reasons for the delay in the provision of the report:

- Increasingly complex reporting and audit issues resulting in longer audits for the entire public sector;
- Carryover of work from OAG's state Sector Audits; and
- Labour shortages experienced by OAG due to COVID-19 border closures;

The City will ensure ongoing conversations are held with OAG to ensure the annual audit timeframes for 2021-2022 are adhered to.

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

Representatives from the OAG will attend the Committee Meeting to present the Audited Financial Statements, management letter (Attachments 11.2.1 and 11.2.2) and Exit meeting closing report (Attachment 11.2.3). Some of the highlights of the report includes:

### 1. Implementation of new Accounting standards

The City implemented *AASB 1059 – Service Concession Arrangements: Grantors*, this year.

*AASB 1059 – Service Concession Arrangements: Grantors* - the standard defines service concession assets as those assets where a third-party operator contracts assets for the City, upgrades existing assets of the City to operate and maintain the assets to provide a public service, for a specified period of time. Where in these circumstances, the third-party operator provides a public service on behalf of the City and is deemed to manage at least some of the services under its own discretion, the assets are classified as service concession assets.

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

### 2. Audit Findings

The Management Findings for the Financial Audit are shown at Attachment 11.2.2. The two findings relating to assets will be actioned by 31 March 2022 and the finding for the timely completion of payroll reconciliation has been completed. These additional findings will be added and tracked on the City's audit database.

### 3. Actions for next years audit:

- To review the financial accounting treatment for the withdrawal from the Eastern Metropolitan Regional Council (EMRC) and determination of exiting payments / receipts
- Financial statement template to be revised and updated

### 4. Financial Ratios

Financial Ratios are derived from the financial results and are reflected in Note 28 of the financial statements.

FINANCIAL RATIOS	2019	2020	2021	DLGSCI Benchmark	Status
Current ratio	1.27	1.47	1.69	1	Met
Asset consumption ratio	0.74	0.75	0.75	0.5	Met
Asset renewal funding ratio	1	1	1	0.75	Met
Asset sustainability ratio	0.93	1.14	0.86	0.9	Not met
Debt service cover ratio	6.35	8.5	7.18	2	Met
Operating surplus ratio	-0.78	5.76	-0.39	0.01	Not met
Own source revenue coverage ratio	0.94	0.95	0.92	0.4	Met

**Current Ratio** – compares current assets (mainly cash and receivables) with current liabilities (accounts payable, employee provisions and borrowings to be repaid within 12 months). A result of 1.00 or more is desirable and means that current assets exceed current liabilities.

The City’s 2020/2021 result of 1.69 compares favorably to the 2019/2020 result of 1.47 and maintains the continued upward trend over the last 3 years.

**Asset Consumption Ratio** - seeks to highlight the aged condition of a local government’s stock of physical assets. The standard is met if the ratio can be measured and is 50% or greater. The standard is improving if the ratio is between 60% and 75% (0.60 and 0.75).

The ratio for 2020/2021 is 0.75 and was similar in 2019/2020.

A 0.75 ratio indicates the City’s depreciation correlates well with the current rate at which assets are being replaced.

**Asset Renewal Funding Ratio** - indicates whether the local government has the financial capacity to fund asset renewal as required, and whether it can continue to provide existing

levels of service into the future, without additional operating income or reductions in operating expenses. A benchmark of greater than 0.5 is considered favorable.

This ratio indicates a very favorable position for the City as it can fund asset renewals.

**Asset Sustainability Ratio** – compares the renewal and replacement of assets with the consumption of assets (depreciation). This ratio approximates the extent to which assets managed by a local government are being replaced as they reach the end of their useful lives. A ratio of 0.9 or greater is considered good and indicates that the organisation is renewing and replacing assets at a rate consistent or higher than the consumption of the assets.

The City's result for 2020/2021 is 0.86, comparing unfavorably to the 2019/2020 result of 1.14. A greater focus on replacement of assets at their end of their useful life will need to be the key component of future asset management plans and the City's asset management strategy.

**Debt Service Ratio** - measures a Council's ability to service debt out of its uncommitted or general-purpose fund available for its operations. A result of five or greater is considered an advanced standard.

The City's score is 7.18 in 2020/2021 compared to 8.5 in 2019/2020. The decrease in revenue is a contributing factor to the declining trend of this ratio.

**Operating Surplus Ratio** - highlights the scale of the operating surplus or deficit in relation to the overall size of the local government. A sustained period of deficit will erode a local government's ability to maintain both its operational service level and asset base. A ratio of 0.15 or greater is desirable and indicates that the organisation is providing a strong operating surplus which will offer flexibility in the provision of operational service levels and maintaining a strong Asset base.

The City's 2020/2021 result is negative 0.78 compared to a positive result of 5.76 in 2019/2020. This result highlights the impact of COVID-19 and also indicates City need to explore opportunities to increase its operating surplus.

**Own-Source Revenue Coverage Ratio** – measures an organisation's ability to cover its operating expenses from its own revenue sources. A result that is greater than 0.9 is considered satisfactory.

The City achieved a result of 0.92 in 2020/2021 compared to 0.95 for 2019/2020. The slight decline in trend indicates the impact of COVID-19. This trend needs to be continuously monitored.

## **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 are expected to be \$57,000 exclusive of GST.

## **Environmental implications**

There are no environmental implications associated with this report.

## **Social implications**

There are no social implications associated with this report.

Questions were asked and responded to as follows:

- An operating surplus is when operating expenses exceeds income. There was a reduced income due to the waiving of fees and charges due to COVID-19 and grant income was less than the previous year, which was a high income year due to grants received for Belmont Hub.
- The small reduction in sustainability is due to the current condition of some large assets. Options for these assets are currently being researched.
- The Chief Executive Officer confirmed the Asset Management Strategy has been endorsed and following review to ensure they are 'reader-friendly', will be available on the City's website.

The Director Corporate and Governance outlined additional information that had been omitted from the report as follows:

### **Asset Sustainability Ratio**

Ensuring that assets are replaced at (or prior to) the end of their useful life is a key component of best practice asset management, however at times the City may determine that an asset will not be renewed or replaced at the end of its useful life, which can impact the Asset Sustainability Ratio.

### **Operating Surplus Ratio**

The City's 2020/2021 result is negative 0.78 compared to a positive result of 5.76 in 2019/2020. This result highlights the impact of COVID-19 and also indicates the City need to explore opportunities to increase its operating surplus by looking at additional sources of revenue from grants, fees and charges or rates or reducing expenditure.

### **Own-Source Revenue Coverage Ratio**

The City achieved a result of 0.92 in 2020-2021, a very favourable outcome compared to the benchmark of 0.9. The ratio indicates the City has sufficient income to offset its operating expenses, which attributes to it being in a financially sustainable position.

## Officer Recommendation

### **Davis moved, Marks seconded**

The Standing Committee (Audit and Risk) recommend that Council:

1. Accept the Annual Financial Statement for the period ending 30 June 2021 at Attachment 11.2.1.
2. Accept the Auditors Management Letter (Financial Audit) and Exit Closing Report, prepared for the year ended 30 June 2021 at Attachments 11.2.2 and 11.2.3; and
3. Approve the Chief Executive Officer to sign the Annual Financial Report for the period ending 30 June 2021 and Management Representation Letter at Attachments 11.2.1 and 11.2.4.

**Carried Unanimously 5 votes to 0**

**CITY OF BELMONT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

**CITY OF BELMONT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

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**CITY OF BELMONT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the City of Belmont for the financial year ended 30 June 2021 is based on proper accounts and records to present fairly the financial position of the City of Belmont at 30 June 2021 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, Australian Accounting Standards.

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

---

John Christie

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Name of Chief Executive officer

## STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 Actual \$	2020 Actual \$	2021 Budget \$
<b>REVENUE</b>				
Governance		473,083	1,165,276	584,474
General purpose funding		52,177,507	52,046,809	51,597,708
Law, order and public safety		462,142	248,030	451,488
Health		78,077	273,183	109,502
Education and welfare		173,014	2,204,072	95,500
Housing		294,233	353,607	360,000
Community amenities		7,130,025	8,659,338	6,513,377
Recreation and culture		562,983	346,439	283,018
Transport		1,522,884	696,280	377,440
Economic services		134,504	292,258	113,500
Other property and services		213,732	230,402	111,383
		<b>63,222,184</b>	<b>66,515,694</b>	<b>60,597,390</b>
<b>EXPENSES</b>				
Governance		10,015,582	9,820,879	8,636,843
General purpose funding		1,810,182	2,681,724	3,019,290
Law, order and public safety		3,613,903	3,545,579	3,846,795
Health		1,176,733	1,166,234	1,259,415
Education and welfare		3,399,434	5,193,461	3,251,104
Housing		445,968	411,373	408,495
Community amenities		8,816,046	8,047,470	8,797,524
Recreation and culture		14,937,931	15,443,258	16,838,313
Transport		10,580,247	9,967,628	9,139,611
Economic services		3,994,191	2,493,441	2,928,335
Other property and services		3,754,757	3,418,939	3,606,362
		<b>62,544,974</b>	<b>62,189,986</b>	<b>61,732,087</b>
<b>FINANCE COSTS</b>				
Recreation and culture		619,175	642,386	622,726
Other property and services		Nil	9,563	Nil
		<b>619,175</b>	<b>651,949</b>	<b>622,726</b>
		<b>58,035</b>	<b>3,673,759</b>	<b>(1,757,423)</b>
Gain/(loss) on disposal of assets	17(a)	(612,013)	(596,142)	(157,000)
Non-operating grants, subsidies and contributions	2(a)	2,439,578	12,510,801	1,829,896
<u>General purpose funding</u>				
Assets Donated		96,538	394,161	Nil
Fair value adjustments to financial assets through profit or loss	8	6,464	2,882	Nil
Change in equity - associate	9	686,987	(1,338,762)	Nil
<b>NET RESULT</b>		<b>2,675,589</b>	<b>14,646,699</b>	<b>(84,527)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	21	12,882,748	(284,771)	Nil
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>12,882,748</b>	<b>(284,771)</b>	<b>Nil</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>15,558,337</b>	<b>14,361,928</b>	<b>(84,527)</b>

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

## CITY OF BELMONT

## STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE

## FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 Actual \$	2020 Actual \$	2021 Budget \$
<b>REVENUE</b>				
Rates	3	48,712,282	48,329,191	49,244,000
Operating grants, subsidies and contributions	2(a)	4,389,642	6,219,209	1,462,549
Fees and charges	2(a)	8,628,813	9,398,412	8,248,905
Interest earnings	4	967,023	1,700,004	995,108
Other revenue	2(a)	524,423	868,877	646,828
		<b>63,222,183</b>	<b>66,515,693</b>	<b>60,597,390</b>
<b>EXPENSES</b>				
Employee costs		23,599,016	25,318,996	25,740,024
Materials and contracts		26,778,725	26,017,240	24,286,182
Utility charges		1,274,865	1,235,108	1,254,263
Depreciation and amortisation on non-current assets	17(c)	8,975,142	7,810,291	8,311,442
Interest expenses / finance costs	2(b),33	619,175	651,949	622,726
Insurance expenses		598,342	527,511	567,260
Other expenses		1,318,883	1,280,839	1,572,916
		<b>63,164,148</b>	<b>62,841,934</b>	<b>62,354,813</b>
		<b>58,035</b>	<b>3,673,759</b>	<b>(1,757,423)</b>
Profit on asset disposals		50,059	21,654	Nil
Loss on disposal of assets		(662,072)	(617,796)	(157,000)
Total profit/(loss) on disposal of assets	17(a)	(612,013)	(596,142)	(157,000)
Non-operating grants, subsidies and contributions	2(a)	2,439,578	12,510,801	1,829,896
Assets Donated		96,538	394,161	Nil
Fair value adjustments to financial assets through profit or loss	8	6,464	2,882	Nil
Change in equity - associate	9	686,987	(1,338,762)	Nil
<b>NET RESULT</b>		<b>2,675,589</b>	<b>14,646,699</b>	<b>(84,527)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	21	12,882,748	(284,771)	Nil
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>12,882,748</b>	<b>(284,771)</b>	<b>Nil</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>15,558,337</b>	<b>14,361,928</b>	<b>(84,527)</b>

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

**CITY OF BELMONT**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	Note	2021 Actual \$	2020 Actual \$	2021 Budget \$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	4, 22	11,483,764	22,435,209	4,174,825
Trade and other receivables	5(a)	2,434,764	2,727,138	3,133,712
Other current assets	6	1,447,509	2,315,864	2,389,958
Inventories	7	207,875	204,225	221,909
Other financial assets	8(a)	27,699,139	5,508,161	29,319,591
<b>TOTAL CURRENT ASSETS</b>		<b>43,273,051</b>	33,190,597	39,239,995
<b>NON-CURRENT ASSETS</b>				
Trade and other receivables	5(b)	404,963	404,685	445,752
Other financial assets	8(b)	26,352,374	36,496,829	14,400,193
Investments accounted for using the equity method	9	21,000,517	20,882,412	22,117,430
Property, plant and equipment	15	298,334,207	299,094,503	304,125,852
Infrastructure	16	286,344,662	272,967,409	280,909,831
Right of use assets	17(b)	105,683	83,808	Nil
Intangible assets	18	225,227	Nil	Nil
<b>TOTAL NON-CURRENT ASSETS</b>		<b>632,767,633</b>	629,929,646	621,999,058
<b>TOTAL ASSETS</b>		<b>676,040,684</b>	663,120,243	661,239,053
<b>CURRENT LIABILITIES</b>				
Trade and other payables	11(a)	5,877,987	8,394,590	5,462,782
Provisions	11(b)	5,728,351	5,409,374	5,861,339
Borrowings	10	705,011	689,897	573,170
Other liabilities	13(a)	1,325,982	1,171,062	1,011,134
Lease Liabilities	12(a)	72,032	66,769	Nil
<b>TOTAL CURRENT LIABILITIES</b>		<b>13,709,363</b>	15,731,692	12,908,425
<b>NON-CURRENT LIABILITIES</b>				
Borrowings	10	12,831,578	13,404,748	12,831,578
Provisions	11(c)	425,932	491,454	430,742
Other liabilities	13(b)	70,533	64,020	62,270
Lease Liabilities	12(a)	33,651	17,039	Nil
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>13,361,694</b>	13,977,261	13,324,590
<b>TOTAL LIABILITIES</b>		<b>27,071,057</b>	29,708,953	26,233,015
<b>NET ASSETS</b>		<b>648,969,627</b>	633,411,290	635,006,038
<b>EQUITY</b>				
Reserves	20	50,691,444	48,359,205	43,719,784
Revaluation surplus	21	396,678,368	383,795,620	383,691,876
Accumulated Surplus		201,599,817	201,256,465	207,594,377
<b>TOTAL EQUITY</b>		<b>648,969,629</b>	633,411,290	635,006,038

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 2021**

	Note	<b>2021</b> <b>Actual</b> <b>\$</b>	2020 Actual \$	2021 Budget \$
<b>RESERVES - INVESTMENT / CASH BACKED</b>				
Balance as at 1 July		<b>48,359,205</b>	58,574,632	47,182,543
Amount transferred (to)/from accumulated surplus		<b>2,332,237</b>	(10,215,427)	(3,462,759)
Balance as at 30 June	20	<b>50,691,442</b>	48,359,205	43,719,784
<b>REVALUATION SURPLUS</b>				
Balance as at 1 July		<b>383,795,620</b>	384,080,391	383,691,876
Revaluation adjustments of property, plant, equipment and infrastructure		<b>12,882,748</b>	(284,771)	Nil
Balance as at 30 June	21	<b>396,678,368</b>	383,795,620	383,691,876
<b>TOTAL RESERVES</b>		<b>447,369,810</b>	432,154,825	427,411,660
<b>ACCUMULATED SURPLUS</b>				
Balance as at 1 July		<b>201,256,465</b>	177,196,412	204,216,145
Initial application of AASB 15 and AASB 1058		<b>Nil</b>	(802,073)	Nil
Restated balance as at 1 July		<b>201,256,465</b>	176,394,339	204,216,145
Net result		<b>2,675,589</b>	14,646,699	(84,527)
Net transfers from/(to) cash reserves	20	<b>(2,332,237)</b>	10,215,427	3,462,759
Balance as at 30 June		<b>201,599,817</b>	201,256,465	207,594,377
<b>TOTAL EQUITY</b>		<b>648,969,627</b>	633,411,290	635,006,038

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 2021**

	2021	2020	2021
Note	Actual \$	Actual \$	Budget \$
<b>Cash flows from operating activities</b>			
Payments			
Employee costs	(24,251,582)	(23,967,395)	(25,456,670)
Materials and contracts	(28,881,295)	(24,948,372)	(24,035,925)
Insurance expenses	(598,342)	(527,511)	(567,260)
Utilities	(1,274,865)	(1,235,108)	(1,254,263)
Interest	(625,290)	(658,852)	(622,726)
Goods and services tax	(3,300,774)	(5,094,137)	Nil
Other expenses	(1,246,234)	(1,233,189)	(1,560,984)
Receipts			
Rates	48,669,783	48,339,534	49,244,000
Operating grants, subsidies and contributions	4,389,642	6,219,209	1,413,393
Fees and charges	10,221,088	10,438,913	8,199,265
Interest income	996,196	1,729,177	995,108
Goods and services tax	3,422,488	5,376,660	Nil
Other revenue	524,423	868,877	540,936
<b>Net cash from operating activities</b>	<b>8,045,239</b>	<b>15,307,806</b>	<b>6,894,874</b>
	23		
<b>Cash flows from/(used) in investing activities</b>			
Receipts of non-operating grants and contributions	2,439,578	10,741,219	1,829,896
Term deposits redeemed	64,935,129	44,837,245	27,759,853
Investments in term deposits	(76,975,187)	(31,829,807)	(24,297,094)
Purchase of property, plant, equipment and infrastructure	(9,035,199)	(28,954,324)	(16,099,333)
Purchase of intangible assets	(268,396)	Nil	Nil
Proceeds from sale of property, plant and equipment	422,423	340,617	1,017,612
<b>Net cash used in investing activities</b>	<b>(18,481,652)</b>	<b>(4,865,050)</b>	<b>(9,789,066)</b>
<b>Cash flows from/(used in) financing activities</b>			
Repayments of borrowings	(551,941)	(705,691)	(551,941)
Self supporting loan principal receipt	36,911	7,700	Nil
<b>Net cash from/(used in) financing activities</b>	<b>(515,030)</b>	<b>(697,991)</b>	<b>(551,941)</b>
Net increase/(decrease) in cash held	(10,951,442)	9,744,765	(3,446,133)
Cash held at the beginning of the reporting period	22,435,209	12,690,444	7,620,958
<b>Cash and cash equivalents held at the end of the reporting period</b>	<b>11,483,765</b>	<b>22,435,209</b>	<b>4,174,825</b>
	22		

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

**CITY OF BELMONT**  
**RATES SETTING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	2021 Actual \$	2020 Actual \$	2021 Budget \$
<b>INCOME STATEMENT</b>			
<b>Operating Expenses</b>			
Employee costs	23,599,016	25,318,996	25,740,024
Materials and contracts	26,778,725	26,017,242	24,286,182
Utility charges	1,274,865	1,235,108	1,254,263
Depreciation on Non-current assets	8,975,142	7,810,291	8,311,442
Loss on disposal of assets	662,072	617,796	157,000
Interest expenses / finance costs	619,175	651,949	622,726
Insurance expenses	598,342	527,511	567,260
Other expenses	1,318,883	1,280,839	1,572,916
	<b>63,826,220</b>	<b>63,459,732</b>	<b>62,511,813</b>
<b>Operating Revenue (excluding rates)</b>			
Operating grants, subsidies and contributions	4,389,642	6,219,209	1,462,549
Profit on asset disposals	50,059	21,654	Nil
Fees and charges	8,628,813	9,398,412	8,248,905
Interest earnings	967,023	1,700,004	995,108
Other revenue	524,423	868,877	646,828
	<b>14,559,960</b>	<b>18,208,156</b>	<b>11,353,390</b>
<b>Net result excluding rates</b>	<b>(49,266,260)</b>	<b>(45,251,576)</b>	<b>(51,158,423)</b>
<b>Adjustment for non cash items</b>			
Depreciation	8,975,142	7,810,291	8,311,442
Employee provisions	15,641	61,541	79,834
Adjustment for non-current rates debtors	(30,674)	(1,015)	Nil
Movement current lease liability	(5,263)	(66,769)	Nil
(Profit)/loss on sale of assets	612,013	596,142	157,000
<b>Funds demand from operations</b>	<b>(39,699,401)</b>	<b>(36,851,386)</b>	<b>(42,610,147)</b>
<b>Capital items</b>			
Non-operating grants, subsidies and contributions	2,439,578	11,708,728	1,829,896
Acquisition of property plant, equipment and infrastructure	(9,035,199)	(28,954,324)	(16,142,179)
Purchase of intangible assets	(268,396)	Nil	Nil
Proceeds from sale of assets	422,423	340,617	1,017,612
Loan principal repayments	(551,941)	(705,691)	(551,941)
Self supporting loan principal receipt	36,910	7,700	Nil
	<b>(6,956,625)</b>	<b>(17,602,970)</b>	<b>(13,846,612)</b>
<b>Reserves</b>			
Transfer to reserve	(5,653,994)	(4,899,523)	(10,044,717)
Transfer from reserve	3,321,756	15,114,950	13,507,476
<b>Net Transfer</b>	<b>20 (2,332,238)</b>	<b>10,215,427</b>	<b>3,462,759</b>
Opening Position - Surplus (Deficit)	27 8,494,693	4,404,431	4,250,000
Closing Position - Surplus (Deficit)	27 8,218,713	8,494,693	500,000
<b>Amount to be made up from rates</b>	<b>3 (48,712,284)</b>	<b>(48,329,191)</b>	<b>(49,244,000)</b>

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

CITY OF BELMONT

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

**1. BASIS OF PREPARATION**

The significant policies which have been adopted in the preparation of these financial statements are:

a) **Basis of Preparation**

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

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

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

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

**THE LOCAL GOVERNMENT REPORTING ENTITY**

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 13 to these financial statements.

**INITIAL APPLICATION OF ACCOUNTING STANDARDS**

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

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

The adoption of these standards had no material impact on the financial report.

CITY OF BELMONT

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

**1. BASIS OF PREPARATION (Cont.)**

**NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS**

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

- *AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- *AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- *AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

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

**Critical Accounting**

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 this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities 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:

- Employee expenses
- Other financial assets
- Property, Plant and Equipment
- Infrastructure
- Right-of-use assets
- Lease liabilities
- Borrowing liabilities
- Provisions

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES								
Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns Refunds Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and / or 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 non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the funding body	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and / or completion date matched to performance obligations
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Fees and Charges - licences, registrations, approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	Refunds very limited	On payment of the licence, registration or application

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Cont.)								
Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns Refunds Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Fees and charges - pool inspections	Compliance safety check	Single point in time	Equal proportion based on equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	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	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Upon issue of invoice.
Fees and charges - waste management	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	When taxable event occurs	Not applicable	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	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price of terms	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	Adopted by council annually	Applied fully based on timing of provision	Not 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	Adopted by council through local law	When taxable event occurs	Not applicable	When fine notice is paid
Other revenue - reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed
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	Set by mutual agreement with the customer	Applied fully based on timing of provision	Not applicable	Upon issue of invoice.

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

**2. REVENUE AND EXPENSES (Cont.)**

## a) Revenue

**Grant Revenue**

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

	2021 Actual	2020 Actual	2021 Budget
	\$	\$	\$
<b>Non-Operating Grants, Subsidies and Contributions</b>			
General purpose funding	Nil	Nil	Nil
Law, order & public safety	540,000	196,736	540,028
Health	Nil	Nil	Nil
Education & welfare	Nil	Nil	Nil
Housing	Nil	Nil	Nil
Community amenities	228,539	6,274	65,000
Recreation & culture	540,284	8,545,292	97,000
Transport	1,087,685	3,762,499	1,127,868
Economic services	43,070	Nil	Nil
Other property & services	Nil	Nil	Nil
	<b>2,439,578</b>	<b>12,510,801</b>	<b>1,829,896</b>
<b>Operating Grants, Subsidies and Contributions</b>			
Governance	225,394	773,556	80,000
General purpose funding	1,521,627	876,372	429,000
Law, order & public safety	316,703	64,367	298,138
Health	19,145	47,807	42,252
Education & welfare	143,928	1,973,107	62,500
Community amenities	387,936	1,720,400	1,000
Recreation & culture	203,803	41,275	138,786
Transport	1,515,867	676,181	377,440
Other property & services	55,239	46,144	33,433
	<b>4,389,642</b>	<b>6,219,209</b>	<b>1,462,549</b>

Grants, donations and other contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature. Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

**2. REVENUE AND EXPENSES (Cont.)**

a) Revenue (cont.)	2021 Actual \$	2020 Actual \$	2021 Budget \$
<b><u>Fees and Charges</u></b>			
Governance	10,111	8,273	9,200
General purpose funding	957,761	927,166	817,828
Law, order & public safety	122,184	172,969	102,150
Health	47,139	215,556	57,000
Education & Welfare	1,065	206,151	Nil
Housing	294,233	353,607	360,000
Community amenities	6,735,511	6,924,219	6,510,077
Recreation & culture	278,045	245,852	225,650
Transport	Nil	Nil	Nil
Economic services	133,823	291,494	112,500
Other property & services	48,941	53,125	54,500
	<b>8,628,813</b>	<b>9,398,412</b>	<b>8,248,905</b>

Fees and Charges

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

	2021 Actual \$	2020 Actual \$	2021 Budget \$
<b><u>Contracts with customers and transfers for recognisable non-financial assets</u></b>			
Fees and Charges	401,692	531,948	296,066
Operating grants, subsidies and contributions	2,895,495	3,983,383	1,587,428
Other Revenue	200,347	311,805	126,834
Non-Operating grants, subsidies and contributions	2,439,578	12,378,774	1,825,256
	<b>5,937,112</b>	<b>17,205,910</b>	<b>3,835,584</b>

Contracts with customers included as a contract liability at the start of the period	129,745	Nil	Nil
Other revenue from contracts with customers recognised during the year	3,367,789	4,827,136	2,010,328
Transfers intended for acquiring or constructing recognisable non-financial assets:			
- included as a capital grant liability at the start of the period.	Nil	802,073	Nil
- from performance obligations satisfied during the year	2,439,578	11,576,701	1,825,256
	<b>5,937,112</b>	<b>17,205,910</b>	<b>3,835,584</b>

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

**2. REVENUE AND EXPENSES (Cont.)**

## a) Revenue (cont.)

2021	2020
Actual	Actual
\$	\$

**Information about receivables, contract assets and contract liabilities from contracts with customers**

Trade and other receivables from contracts with customers	60,252	45,735
Contract Assets	45,852	1,168,206
*Contract liabilities from contracts with customers	(81,056)	(129,745)
Financial assets held from transfers for recognisable financial assets	793,037	61,528
Contract liabilities from transfers for recognisable non financial assets	(793,037)	(61,528)

Contract assets primarily relate to the City's right to consideration for work completed but not billed at 30 June 2021 (note 6).

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

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

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

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

\* Contract liabilities are classified as income received in advance note 13(a).

2021	2020
Actual	Actual
\$	\$

**Assets and services acquired below fair value**

Contributed Assets	96,538	394,161
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**Revenue from statutory requirements**

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

General rates	48,712,282	48,329,191
Sanitation Management	6,293,710	6,554,946
Statutory permits and licences	477,102	770,781
Fines	100,721	172,269
Developer contributions	212,959	Nil
Cash in lieu contributions	Nil	95,596
Other	418,531	463,451
	<u>56,215,305</u>	<u>56,386,234</u>

**Other Revenue**

Other Revenue comprises:

Reimbursements	476,155	636,177
Miscellaneous/Other	48,268	232,700
	<u>524,423</u>	<u>868,877</u>

CITY OF BELMONT

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

<b>2. REVENUE AND EXPENSES (Cont.)</b>			
	2021	2020	2021
b) Expenses	Actual	Actual	Budget
	\$	\$	\$
<b>Auditors Remuneration</b>			
Audit of the financial report	54,100	55,000	
Audit of grant acquittals	3,000	2,000	
	<u>57,100</u>	<u>57,000</u>	
<b>Interest Expenses (finance costs)</b>			
Borrowings	618,500	651,039	622,726
Lease Liabilities ( refer note 17(b))	675	910	Nil
Refer note 33	<u>619,175</u>	<u>651,949</u>	<u>622,726</u>

**Debts Written Off**

Debts totalling \$3,296 (2020: nil) were written off during the reporting period to 30 June 2021.

**3. RATING INFORMATION**

**Minimum Rates**

The minimum payments for 2020-21 have again been set to ensure the minimum level of service required is adequately funded. Minimum payments serve other key purposes in relation to encouraging owners of vacant land to develop the site for whichever purpose it is zoned. This process further complements the State Government initiative of promoting urban infill and arresting the urban sprawl that burdens the State's ability to provide Infrastructure Assets.

The following rates in the dollar applied to each property in the differential rate categories where a minimum rate was not applied. For additional details refer to the Statement of General Purpose Funding.

	Rate in \$	Minimum \$	Total Properties
RESIDENTIAL	0.065585	840	19,044
COMMERCIAL	0.069271	990	1,043
INDUSTRIAL	0.069459	1,010	473

**Differential Rating**

The *Local Government Act 1995* empowers a council to impose different rates in the dollar for different land zonings and different rates for improved or vacant land within a zoning. This power is provided to help local authorities with particular rating difficulties and to achieve better rating equity between different land use zonings.

For the purposes of this rating system, a land zone is a Town Planning Scheme Zone made under the *Planning and Development Act 2005* or a Zone made under Council's Planning By-laws.

Council may also apply an existing zone rate to land which is lawfully used for a non conforming use in another zone. In such cases, Council must formally declare that the land be categorised in that zone for the purpose of imposing the more appropriate rate. Within zones, land which is either improved or vacant may be rated differently. It should be noted that where, during the rating year, land is rezoned, the Council cannot issue an amended rate notice reflecting that change.

CITY OF BELMONT

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

**3. RATING INFORMATION (Cont.)**

**Residential Rate**

The Residential Rate forms the basis of the differential rates relativities. The relativities are in place to provide Council with the flexibility to address any shifts from one rating category to another that it considers is too severe and should be phased in, or to recognise a differing level of service required by a particular rating category.

The residential rating category is also deemed to have the least capacity to pay. However, Council is committed to increasing the Residential Rate base through its City of Opportunity Marketing Strategy. This has resulted in considerable growth that is broadening the base and in turn, evenly distributing the overheads of maintaining the infrastructure of the City. There are continuing positive signs of redevelopment that have resulted in healthy growth that should continue into the foreseeable future.

**Commercial Rate**

Many of the reasons stated for the Industrial Rate apply to the Commercial Rate, however to a lesser degree. Certainly the location to the airports and rail terminal attract business and therefore more traffic to Belmont, however the vehicle traffic would be generally lighter and therefore not as great an impact on Council's road network.

**Industrial Rate**

Council has identified that the location of both the airports and the rail freight terminal has encouraged industry to locate within the City of Belmont. The result of this is large volumes of heavy vehicle traffic movements within the City and therefore an accelerated deterioration of roads.

Greater expenditure of Council's revenues is also required on services such as Health, Building and Town Planning.

The minimum payment is considered reasonable given the industrial properties will generally be serviced by and have access to a reasonable standard of infrastructure provided by the Council. It should also be seen as an incentive to develop any vacant lots that are zoned industrial.

**Specified Area Rates**

There were no specified area rates for the current reporting period.

CITY OF BELMONT

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

**3. RATING INFORMATION (Cont.)**

**Discounts and Incentive Schemes**

The City of Belmont offers a 5% discount on rates paid in full by 29 September 2020 (35 days after issue of notice) or in the case of pensioners if the appropriate percentage of rates levied is paid by 29 September 2020. Payment must include any arrears and does not apply to the separate Rubbish Charge.

The total cost of the 5% discount to the City for 2020/21 is \$1,661,289 (Budget \$1,625,000, Prior Year \$1,620,146).

**Instalments and Interest**

**Late Payment of Rates**

- 8% penalty interest rate for overdue rates.
- \$93,947 (Budget \$93,500, Prior Year \$107,487)

**Instalment Options**

- 4 instalments
- 29 September 2020
- 30 November 2020
- 1 February 2021
- 1 April 2021

**Cost of 4 Instalment Program**

- 5.5% instalment interest rate
- \$20.00 administration fee

**2 Instalments**

- 29 September 2020
- 1 February 2021

**Cost of 2 Instalment Program**

- \$20 administration fee

**Income for Instalment Program**

- Instalment Interest \$131,266 (Budget \$124,750, Prior Year \$141,115)
- Administration Fee \$113,476 (Budget \$109,000, Prior Year \$125,440)

**Interim and Back Rates**

Interim and back rates levied during 2020/21 totalled \$644,118 and were comprised as follows:-

	2021		2020	
	Actual	Actual	Actual	Actual
	\$		\$	
	Interim	Back	Interim	Back
Residential	317,877	23,469	308,852	(19,765)
Commercial	241,741	27,908	94,552	(82,299)
Industrial	45,287	(12,165)	7,287	Nil
	<b>604,905</b>	<b>39,212</b>	<b>410,690</b>	<b>(102,064)</b>

The above table includes residential minimum payments of \$38,716 and \$20,272 of interims and back payments respectively.

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

<b>3. RATING INFORMATION (Cont.)</b>				
	<b>2021 Actual \$</b>	<b>2021 Valuations \$</b>	<b>2020 Actual \$</b>	<b>2021 Budget \$</b>
<b>General Rate</b>				
<b>Residential</b>				
13,818 assessments				
GRV rate in \$: 0.065585	<b>16,099,260</b>	245,471,611	16,100,708	16,084,818
- Interims and back rates	<b>341,346</b>		289,087	105,124
-Less Discount	<b>(476,068)</b>		(460,070)	(461,448)
<b>Commercial</b>				
856 assessments				
GRV Rate in \$: 0.069271	<b>9,240,764</b>	133,400,174	9,352,131	9,353,611
- Interims and back rates	<b>269,649</b>		12,253	47,699
-Less Discount	<b>(262,705)</b>		(275,985)	(276,811)
<b>Industrial</b>				
464 assessments				
GRV rate in \$: 0.069459	<b>8,560,687</b>	123,248,059	8,568,633	8,574,103
- Interims and back rates	<b>33,122</b>		7,287	42,915
-Less Discount	<b>(239,844)</b>		(213,151)	(213,790)
<b>Minimum Rate</b>				
<b>Residential</b>				
GRV number of assessments 5,226 at \$840 each	<b>4,389,840</b>	59,688,635	3,895,080	4,391,520
-Less Discount	<b>(123,690)</b>		(102,071)	(102,377)
<b>Commercial</b>				
GRV number of assessments 187 at \$990 each	<b>185,130</b>	1,459,492	179,190	186,120
-Less Discount	<b>(5,742)</b>		(5,099)	(5,114)
<b>Industrial</b>				
GRV number of assessments 9 at \$1010 each	<b>9,090</b>	89,679	8,080	9,090
-Less Discount	<b>(152)</b>		(202)	(202)
<b>Payments in Lieu of Rates</b>	<b>11,244,683</b>		11,536,888	12,074,000
-Less Discount	<b>(553,088)</b>		(563,571)	(565,258)
<b>Total General Rates Levied</b>	<b>48,712,282</b>	<b>563,357,650</b>	<b>48,329,189</b>	<b>49,244,000</b>

## SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period as and when the rates are levied.

Prepaid rates are 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.

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

**4. CASH AND OTHER FINANCIAL ASSETS**

The following restrictions have been imposed by regulations or other external requirements.

	Note	2021 Actual \$	2020 Actual \$	2021 Budget \$
Administration Building Reserve		237,447	233,259	238,016
Aged Accommodation - Homeswest Reserve		862,342	817,776	889,253
Aged Community Care Reserve		220,256	167,898	Nil
Aged Persons Housing Reserve		960,587	1,018,354	919,078
Aged Services Reserve		1,071,442	1,052,545	1,077,019
Ascot Waters Marina Maint. and Redev. Reserve		1,020,242	1,010,736	979,024
Belmont District Band Reserve		47,253	43,473	44,353
Belmont Oasis Refurbishment Reserve		4,164,704	4,091,252	4,174,808
Building Maintenance Reserve		5,677,933	6,391,259	5,314,667
Belmont Trust Reserve		1,683,144	1,680,261	1,518,352
Car Parking Reserve		62,313	61,214	62,306
District Valuation Reserve		212,659	95,937	204,368
Election Expenses Reserve		126,350	75,004	126,126
Environment Reserve		102,743	100,931	29,828
Faulkner Park Ret. Vill. Owner Maint. Reserve		552,877	517,070	570,112
Faulkner Park Ret. Vill. Buy Back Reserve		2,367,659	2,325,901	2,513,247
Foreshore Development Reserve		Nil	Nil	Nil
History Reserve		167,303	140,776	143,884
Information Technology Reserve		1,575,305	1,146,717	1,020,603
Land Acquisition Reserve		9,267,616	9,104,164	9,369,124
Long Service Leave Reserve - Funded Programs		Nil	Nil	Nil
Long Service Leave Reserve - Salaries		2,196,162	2,067,804	2,425,567
Long Service Leave Reserve - Wages		409,278	456,472	489,284
Miscellaneous Entitlements Reserve		175,837	268,516	542,385
Parks Development Reserve		Nil	119,054	Nil
Plant Replacement Reserve		820,896	1,165,999	817,794
Property Development Reserve		9,427,754	8,776,778	5,172,074
Public Art Reserve		397,783	390,767	395,926
Ruth Faulkner Library Reserve		46,200	45,385	46,313
Streetscapes Reserve		494,984	486,254	496,186
Urban Forest Strategy Reserve		116,888	114,826	117,178
Waste Management Reserve		4,588,191	2,784,404	2,385,604
Workers Compensation/Insurance Reserve		1,637,296	1,608,419	1,637,305
	20	<b>50,691,442</b>	48,359,205	43,719,782
Loan monies unspent		Nil	Nil	Nil
Grant funds unspent as at 30 June		Nil	1,720,400	Nil
Total restricted funds		<b>50,691,442</b>	50,079,605	43,719,782

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

<b>4. CASH AND OTHER FINANCIAL ASSETS (Cont.)</b>				
	Note	2021 Actual \$	2020 Actual \$	2021 Budget \$
<b>Cash and cash equivalents</b>				
Cash at bank and on hand		<b>6,483,764</b>	13,315,083	4,174,825
Term Deposits		<b>5,000,000</b>	9,120,126	Nil
		<b>11,483,764</b>	22,435,209	4,174,825
<b>Other Financial Assets</b>				
Deposits (>3 months)	8(a)	<b>27,699,139</b>	5,508,161	29,319,591
Deposits (>12 months)	8(b)	<b>26,167,857</b>	36,318,777	14,400,193
		<b>53,866,996</b>	41,826,938	43,719,784
Restricted		<b>50,691,442</b>	50,079,605	43,719,784
Unrestricted		<b>14,659,318</b>	14,182,542	4,174,826
		<b>65,350,760</b>	64,262,147	47,894,610
<b>Investment and interest earnings</b>				
Interest on other financial assets		<b>920,379</b>	1,599,504	
Interest on cash and short term deposits		<b>46,644</b>	100,500	
Total return		<b>967,023</b>	1,700,004	
Investment income by municipal fund		<b>116,067</b>	226,732	580,000
Investment income on reserve funds		<b>850,956</b>	1,473,272	415,108
Total Return		<b>967,023</b>	1,700,004	995,108

## SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Restricted Assets

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

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

**5. TRADE AND OTHER RECEIVABLES**

	Note	2021 Actual \$	2020 Actual \$
a) <b>Current</b>			
Rates and other levies		1,705,913	1,673,290
Trade debtors		142,913	346,197
GST Receivable		585,938	707,651
		<u>2,434,764</u>	<u>2,727,138</u>
b) <b>Non-current</b>			
Deferred rates and Emergency Services Levy		404,963	367,775
Loan (community group)		Nil	36,910
		<u>404,963</u>	<u>404,685</u>

## SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business. Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 26.

Classification and subsequent measurement

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Trade receivables are held with the objective to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are therefore classified and measured 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.

**6. OTHER CURRENT ASSETS**

	2021 Actual \$	2020 Actual \$
<b>Current</b>		
Other accrued income	1,188,032	1,973,603
Prepayments	259,477	342,260
	<u>1,447,509</u>	<u>2,315,863</u>

## SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other current 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 beyond that period.

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

**7. INVENTORIES**

	2021 Actual \$	2020 Actual \$
Stores inventory	207,875	204,225
	<u>207,875</u>	<u>204,225</u>

## SIGNIFICANT ACCOUNTING POLICIES

Inventories

Inventories are valued 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.

**8. OTHER FINANCIAL ASSETS**

	2021 Actual \$	2020 Actual \$
<b>a) Current</b>		
Other financial assets at amortised cost - term deposits	27,699,139	5,508,161
	<u>27,699,139</u>	<u>5,508,161</u>
<b>b) Non-Current</b>		
Other financial assets at amortised cost - term deposits	26,167,857	36,318,777
Financial assets at fair value through profit and loss		
- Share in Local Government House Trust (i)	184,517	178,053
	<u>26,352,374</u>	<u>36,496,830</u>
(i) The City has 10 units amounting to \$184,517 based on the Local Government House Trust's most current audited Financial Statements at 30 June 2020. These are classified as other financial assets at fair value through profit or loss.		

## 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.

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 26.

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

**9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**Associates

The City was a participant in the Eastern Metropolitan Regional Council (EMRC), on the 23 November 2020 the City decided to withdraw from EMRC and will be effective from 1 July 2021. 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 of \$21,000,517. The City had voting rights of 1/6th and the interest in the assets and liabilities of the EMRC is as follows:

Note	2021 Actual \$	2020 Actual \$
Interest in Associates as at 30 June	<b>21,000,517</b>	20,882,412
Represented by Share of Associates :		
<u>EMRC:</u>		
Revenue	<b>45,090,716</b>	44,370,170
Net Result	<b>10,296,371</b>	(7,251,561)
Total Comprehensive Income	<b>6,287,085</b>	(6,061,721)
<u>Financial Position:</u>		
Current Assets	<b>91,484,741</b>	89,551,063
Non-Current Assets	<b>115,414,742</b>	110,359,239
Total Assets	<b>206,899,483</b>	199,910,302
Current Liabilities	<b>14,439,344</b>	8,026,411
Non-Current Liabilities	<b>6,707,161</b>	7,432,011
Total Liabilities	<b>21,146,505</b>	15,458,422
Net Assets	<b>185,752,978</b>	184,451,880
Change in equity	<b>686,987</b>	(1,338,762)
Revaluation Surplus movement	21 <b>(568,882)</b>	103,744
Dividends received from associate	<b>622,279</b>	565,624

## SIGNIFICANT ACCOUNTING POLICIES

Interest in Associate

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

The City's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the City's share of net assets of the associate since the acquisition date. The City's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Investments in associates are tested for any indication of impairment at the end of the reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the investment is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

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 2021 is \$2,138,174 (2020: \$2,190,674).

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

**10. BORROWINGS**

The City currently has the following principal outstanding on loans borrowed for various capital works and land acquisition purposes.

	2021 Actual \$	2020 Actual \$	2021 Budget \$
<b>Current</b>			
Interest on loans accrued	131,841	137,956	Nil
Loan liability	573,170	551,941	573,170
	<u>705,011</u>	<u>689,897</u>	<u>573,170</u>
<b>Non-Current</b>			
Loan liability	<u>12,831,578</u>	13,404,748	12,831,578
<b>Total Borrowings</b>	<u>13,536,589</u>	14,094,645	13,404,748
Loans raised during year (Note 33)	<u>Nil</u>	Nil	Nil
Unspent balance of borrowings	<u>Nil</u>	Nil	Nil

All borrowings made by the City are secured over the general funds of the City of Belmont.

## SIGNIFICANT ACCOUNTING POLICIES

Financial Liabilities

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

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

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

Borrowing costs

Borrowing costs are recognised as an expense. Refer Note 33.

**11. PAYABLES & PROVISIONS**

	2021 Actual \$	2020 Actual \$
<b>(a) Trade and other payables (Current)</b>		
Creditors	688,848	1,146,933
Accrued Expenses	3,962,643	5,189,877
Prepaid Rates	871,684	796,948
Salaries and wages accrued	354,812	1,260,833
	<u>5,877,987</u>	<u>8,394,590</u>

## SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

They 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 and are usually paid within 30 days of recognition.

CITY OF BELMONT

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

**11. PAYABLES & PROVISIONS (Cont.)**

	2021 Actual \$	2020 Actual \$
<b>(b) Provisions (Current)</b>		
Provision for annual leave	2,913,447	2,691,455
Provision for long service leave	2,605,440	2,524,276
Other leave provisions	209,464	193,643
	<u>5,728,351</u>	<u>5,409,374</u>
 <b>(c) Provisions (Non-current)</b>		
Provision for long service leave	425,932	491,454
	<u>425,932</u>	<u>491,454</u>

Annual leave liabilities have been 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:

	2021 Actual \$	2020 Actual \$
Within 12 months of the end of the reporting period	2,000,934	1,748,528
More than 12 months after the end of the reporting period	912,513	942,927
	<u>2,913,447</u>	<u>2,691,455</u>

Long service leave liabilities due or payable have been classified as current where 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:

	2021 Actual \$	2020 Actual \$
Within 12 months of the end of the reporting period	443,943	348,410
More than 12 months after the end of the reporting period	2,587,428	2,667,320
	<u>3,031,371</u>	<u>3,015,730</u>

SIGNIFICANT ACCOUNTING POLICIES

**Employee benefits**

**Short-term employee benefits**

Provision is made for the City's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services, including wages and salaries. 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 and salaries are recognised as a part of current trade and other payables in the statement of financial position.

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

**11. PAYABLES & PROVISIONS (Cont.)****Other long-term benefits**

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. 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 this statement of financial position, except where the City does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

**Provisions**

Provisions are recognised when the City has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**12. LEASES AND CAPITAL COMMITMENTS****(a) Leases**

Lease liabilities	2021	2020	
	Actual	Actual	
	\$	\$	
Current	72,032	66,769	
Non-current	33,651	17,039	
	<u>105,683</u>	<u>83,808</u>	
<u>Recreation and culture</u>			
	<u>Lease 1</u>	<u>Lease 2</u>	<u>Lease 3</u>
Lease number	1/2	3A/B	N/A
Institution	De Lage Landen	De Lage Landen	Database Consultants
Lease interest rate	0.43%	0.43%	0.35%
Lease term	3 years	3 years	2 years
Term Remaining at 30 June 2021	0.34 years	1.45 years	1.75 years
Lease Liabilities at 1 July 2020	55,024	28,784	Nil
New Leases 2020-2021	35,386	Nil	75,000
Lease Payments 2020-2021	67,622	11,745	9,144
Lease Liabilities at 30 June 2021	<u>22,788</u>	<u>17,039</u>	<u>65,856</u>

There are 2 operating leases relating to the leasing of cardio vascular gym equipment that is used in the Belmont Oasis and lease 3 refers to the leasing of parking sensors. Refer to the accounting policy for lease liabilities and related Right of Use Assets in note 17 (b).

CITY OF BELMONT

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

**12. LEASES AND CAPITAL COMMITMENTS (Cont.)**

As at 30 June the City had the following operating lease entitlements for which the City was the lessor.

<b>Lease receivable details</b>	<b>2021</b>	2020
	<b>Actual</b>	Actual
	<b>\$</b>	\$
Not longer than 1 year	<b>336,189</b>	153,967
Longer than 1 year and not longer than 2 years	<b>252,434</b>	96,901
Longer than 2 years and not longer than 5 years	<b>373,987</b>	155,729
Longer than 5 years	<b>402,372</b>	136,409
	<b><u>1,364,982</u></b>	<u>543,006</u>

Operating lease revenue is receivable from tenants in property owned by City of Belmont. Leases have an average lease term of 2.8 years and an implicit interest rate based on CPI.

**(b) Capital Works Contract Commitments**

As at 30 June, the City had the following contracted capital works commitments outstanding.

	<b>2021</b>	2020
	<b>Actual</b>	Actual
	<b>\$</b>	\$
Not longer than 1 year	<b>1,832,071</b>	4,558,606
Longer than 1 year and not longer than 2 years	<b>Nil</b>	Nil
Longer than 2 years and not longer than 5 years	<b>Nil</b>	Nil
Longer than 5 years	<b>Nil</b>	Nil
	<b><u>1,832,071</u></b>	<u>4,558,606</u>

Significant decrease relates to the completion of the construction contract of the Belmont Hub.

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

**13. OTHER LIABILITIES**

(a) Other Liabilities (Current)	Note	2021 Actual \$	2020 Actual \$
Total funds (bonds/deposits/trust funds) held		1,530,767	1,503,762
Less trust funds (not under the City's control) *		<u>(1,393,034)</u>	<u>(1,355,895)</u>
		137,733	147,867
Contract liabilities		81,056	241,499
Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity		793,037	Nil
Other Liabilities		52,243	465,844
Emergency Services Levy		261,914	315,852
		<u>1,325,982</u>	<u>1,171,062</u>

Performance obligations for each type of liability are expected to be recognised as revenue within the next year.

## SIGNIFICANT ACCOUNTING POLICIES

**Contract liabilities**

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

Contract liabilities are recognised as revenue as the performance obligations are satisfied.

**Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity**

Grant liabilities represent the City's performance obligations to construct recognisable non-financial assets to identify specifications which are yet to be satisfied.

(b) Other Liabilities (Non-Current)	2021 Actual \$	2020 Actual \$
Emergency Services Levy (Deferred)	70,533	64,020
	<u>70,533</u>	<u>64,020</u>

\*Funds over which the City has no control and which are not included in the financial statements are as follows:

	Note	2021 Actual \$	2020 Actual \$
BCITF Levy	i	4,486	28,144
Building Services Levy	ii	79,080	33,822
Cash In Lieu Of Public Open Space	iii	1,303,865	1,293,929
Department of Planning Fees	iv	5,603	Nil
Total trust funds (not under the City's control)		<u>1,393,034</u>	<u>1,355,895</u>

**Summary of Trust Funds Held**

	2021 Actual \$	2020 Actual \$
(i) BCITF Levy		
Opening balance	28,144	100,567
Receipts	42,707	130,304
Payments	(66,365)	(202,727)
Balance at 30 June	<u>4,486</u>	<u>28,144</u>

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

<b>13. OTHER LIABILITIES (Cont.)</b>		
	2021	2020
	Actual	Actual
	\$	\$
<b>(ii) Building Services Levy</b>		
Opening balance	33,822	97,923
Receipts	250,028	167,736
Payments	(204,770)	(231,837)
Balance at 30 June	<u>79,080</u>	<u>33,822</u>
<b>(iii) Cash In Lieu Of Public Open Space</b>		
Opening balance	1,293,929	1,276,270
Receipts	9,936	17,659
Payments/Transfers	Nil	Nil
Balance at 30 June	<u>1,303,865</u>	<u>1,293,929</u>
<b>(iv) Department of Planning Fees</b>		
Opening balance	Nil	Nil
Receipts	27,777	Nil
Payments	(22,174)	Nil
Balance at 30 June	<u>5,603</u>	<u>Nil</u>
<b>Total Trust funds held</b>	<u><b>1,393,034</b></u>	<u><b>1,355,895</b></u>

**14. BELMONT TRUST**

The City of Belmont is a trustee for lot 49 Great Eastern Highway and lot 5 Stoneham Street held in Ascot. The effect of the Trust Deed is that the City holds the trust property (land) for the charitable purpose of public recreation and enjoyment for the people that reside in the City of Belmont.

The Belmont Trust is not a separate legal entity and it cannot own property in its own name. Instead the land is held by the City as the sole trustee. The Trust's assets, liabilities, income and expenditure are consolidated in the City's own financial statements. However to ensure that any financial benefits generated by the Trust are managed in accordance with the Trust Deed, assets, liabilities, income and expenditure will be separately recorded.

During the year ending 30 June 2021 the Belmont Trust incurred expenditure of \$10,019 to maintain the land and fund legal services while interest income of \$12,903 was earned. Net funds were transferred to the Belmont Trust Reserve (note 20(i)) which had a balance of \$1,683,144 at the end of the financial year.

As at the reporting date the Trust land is recognised as a Non-Current Asset under Property, Plant and Equipment at a fair value of \$31.725 million.

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

**15. PROPERTY, PLANT AND EQUIPMENT**

	2021 Actual \$	2020 Actual \$
<b>Land (Freehold) at:</b>		
Independent valuation (level 2)	165,631,900	165,631,900
Additions after valuation	Nil	Nil
	<u>165,631,900</u>	<u>165,631,900</u>
<b>Buildings at:</b>		
Independent valuation (level 3)	104,123,650	104,123,650
Management valuation (level 3)	1,010,704	1,010,704
Additions after valuation	41,808,350	40,752,369
Less: accumulated depreciation	(22,190,086)	(19,972,262)
	<u>124,752,618</u>	<u>125,914,461</u>
<b>Furniture &amp; equipment at:</b>		
Management valuation (level 3)	7,431,857	7,431,857
Additions after valuation	2,742,754	862,010
Less: accumulated depreciation	(6,965,157)	(6,326,353)
	<u>3,209,454</u>	<u>1,967,514</u>
<b>Plant and machinery at:</b>		
Management valuation (level 3)	8,464,878	8,464,878
Additions after valuation	219,735	376,924
Less: accumulated depreciation	(4,337,354)	(4,364,720)
	<u>4,347,259</u>	<u>4,477,082</u>
<b>Work in Progress - Cost</b>	392,976	1,103,546
<b>Total Property, plant and equipment</b>	<u>298,334,207</u>	<u>299,094,503</u>

**Fair Value Measurements****Land**

The City's land (freehold) was revalued as at 30 June 2019 by independent valuers.

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**

The City's buildings including other structures were revalued as at 1 April 2020 using the cost approach by independent valuers. 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. As such these assets were classified as having been using level 3 valuation inputs.

## SIGNIFICANT ACCOUNTING POLICIES

**Furniture and Equipment & Plant and Machinery**

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change was effective from 1 July 2019 and represented a change in accounting policy.

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

<b>15. PROPERTY, PLANT AND EQUIPMENT (Cont.)</b>		
<b>Movements in Carrying Amounts</b>	<b>2021</b>	<b>2020</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Land</b>		
Opening Balance	165,631,900	165,631,900
Additions	Nil	Nil
Net revaluations	Nil	Nil
Closing Balance	<u>165,631,900</u>	<u>165,631,900</u>
<b>(b) Buildings</b>		
Opening Balance	125,914,461	90,296,628
Additions	964,598	16,437,049
Transfers from work in progress	91,383	24,502,137
Transfers to Reserve Improvements	Nil	(71,495)
Disposals (at cost/valuation)	Nil	(444,370)
Disposals (accum. depreciation)	Nil	135,378
Net revaluations	Nil	(3,366,247)
Depreciation expense	(2,217,824)	(1,574,620)
Closing Balance	<u>124,752,618</u>	<u>125,914,461</u>
<b>(c) Furniture and equipment</b>		
Opening Balance	1,967,514	511,204
Additions	1,134,119	1,737,737
Transfers from work in progress	1,012,163	83,314
Disposals (at cost/valuation)	(580,502)	(1,036,121)
Disposals (accum. depreciation)	522,584	1,036,121
Depreciation expense	(846,424)	(364,742)
Closing Balance	<u>3,209,454</u>	<u>1,967,514</u>
<b>(d) Plant and machinery</b>		
Opening Balance	4,477,082	4,700,058
Additions	918,592	679,987
Disposals (at cost/valuation)	(1,075,781)	(725,146)
Disposals (accum. depreciation)	353,536	352,988
Depreciation expense	(326,170)	(530,806)
Closing Balance	<u>4,347,259</u>	<u>4,477,082</u>
<b>(e) Work in progress</b>		
Opening Balance	1,103,546	24,585,451
Additions	392,976	1,103,546
Transferred to assets	(1,103,546)	(24,585,451)
Closing Balance	<u>392,976</u>	<u>1,103,546</u>
<b>Total property, plant and equipment</b>	<u>298,334,207</u>	<u>299,094,503</u>

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

<b>16. INFRASTRUCTURE</b>		
	2021	2020
	Actual	Actual
	\$	\$
<b>Reserves improvements at:</b>		
Independent valuation (level 3)	23,855,344	23,855,344
Additions after valuation	2,061,355	1,186,068
Less: accumulated depreciation	(9,770,885)	(8,861,215)
	<u>16,145,814</u>	<u>16,180,197</u>
<b>Road network - infrastructure at:</b>		
Independent valuation (level 3)	187,626,132	187,626,132
Additions after valuation	18,608,416	14,781,798
Less: accumulated depreciation	(51,128,621)	(48,615,663)
	<u>155,105,927</u>	<u>153,792,267</u>
<b>Footpath network - infrastructure at:</b>		
Independent valuation (level 3)	26,103,471	Nil
Management valuation (level 3)	Nil	21,174,019
Additions after valuation	469,662	2,460,592
Less: accumulated depreciation	(9,244,379)	(10,907,306)
	<u>17,328,754</u>	<u>12,727,305</u>
<b>Drainage network - infrastructure at:</b>		
Independent valuation (level 3)	93,049,528	86,684,610
Additions after valuation	103,140	2,057,695
Less: accumulated depreciation	(23,354,509)	(26,832,522)
	<u>69,798,159</u>	<u>61,909,783</u>
<b>Parks and gardens - turf at:</b>		
Management valuation (level 3)	22,826,376	22,826,376
Less: accumulated depreciation	Nil	Nil
	<u>22,826,376</u>	<u>22,826,376</u>
<b>Carparks at:</b>		
Independent valuation (level 3)	6,099,488	6,099,488
Additions after valuation	29,827	29,827
Less: accumulated depreciation	(1,916,245)	(1,833,453)
	<u>4,213,070</u>	<u>4,295,862</u>
<b>Work in progress at:</b>		
Cost	926,562	1,235,619
	<u>926,562</u>	<u>1,235,619</u>
<b>Total Infrastructure</b>	<u>286,344,662</u>	<u>272,967,409</u>

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

**16. INFRASTRUCTURE (Cont.)****Fair Value Measurements**

The City's roads and carparks were revalued as at 1 July 2017 by management. An independent asset management consultant also reviewed the road valuation and had previously reviewed the valuation inputs for all other respective asset types that were again used with the exception of unit rates that were updated.

The City's Reserve Improvements were revalued as at 1 January 2020 and the Footpath/Drainage Networks revalued as at 1 July 2020 using the cost approach by independent valuers. The City's Parks and Gardens - Turf was revalued as at 30 June 2018 using the cost approach by management.

The valuations required estimating the replacement cost for each asset type by componentising the assets into significant parts with different useful lives 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.

**Movements in Carrying Amounts**

	2021 Actual \$	2020 Actual \$
<b>(a) Reserves improvements</b>		
Opening Balance	16,180,197	13,179,922
Additions	1,514,620	1,405,280
Transfers from work in progress	27,956	10,448
Transfers from Buildings	Nil	71,495
Disposals (at cost/valuation)	(667,291)	(854,202)
Disposals (accum. depreciation)	413,018	598,593
Net revaluations	Nil	2,977,732
Depreciation expense	(1,322,686)	(1,209,072)
Closing Balance	<u>16,145,814</u>	<u>16,180,197</u>
<b>(b) Road network - infrastructure</b>		
Opening Balance	153,792,267	150,357,153
Additions	2,635,388	5,094,353
Transfers from work in progress	1,191,230	793,967
Depreciation expense	(2,512,958)	(2,453,207)
Closing Balance	<u>155,105,927</u>	<u>153,792,267</u>

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

<b>16. INFRASTRUCTURE (Cont.)</b>		
	2021 Actual \$	2020 Actual \$
<b>(c) Footpath network - infrastructure</b>		
Opening Balance	12,727,305	12,233,985
Additions	469,662	1,004,618
Transfers from work in progress	Nil	61,548
Net revaluations	4,675,146	Nil
Depreciation expense	(543,359)	(572,846)
Closing Balance	<u>17,328,754</u>	<u>12,727,305</u>
<b>(d) Drainage network - infrastructure</b>		
Opening Balance	61,909,783	62,279,990
Additions	86,709	576,997
Transfers from work in progress	16,432	932
Net revaluations	8,776,484	Nil
Depreciation expense	(991,249)	(948,136)
Closing Balance	<u>69,798,159</u>	<u>61,909,783</u>
<b>(e) Parks and gardens - Turf</b>		
Opening Balance	22,826,376	22,826,376
Closing Balance	<u>22,826,376</u>	<u>22,826,376</u>
<b>(f) Carparks</b>		
Opening Balance	4,295,862	4,378,654
Depreciation expense	(82,792)	(82,792)
Closing Balance	<u>4,213,070</u>	<u>4,295,862</u>

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

**16. INFRASTRUCTURE (Cont.)**

	2021 Actual \$	2020 Actual \$
<b>(g) Work in progress</b>		
Opening Balance	1,235,619	867,668
Additions	926,562	1,234,846
Transferred to assets	(1,235,619)	(866,895)
Closing Balance	<u>926,562</u>	<u>1,235,619</u>
<b>Total Infrastructure</b>	<u><b>286,344,662</b></u>	<u><b>272,967,409</b></u>

## SIGNIFICANT ACCOUNTING POLICIES

Infrastructure

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

Initial recognition and measurement between mandatory revaluation dates

Non-financial 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 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, building and infrastructure acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. With the exception of plant and equipment that is to be carried at cost, other non-financial assets are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of land, building and infrastructure is determined at least every five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires land, building and infrastructure to be shown at fair value.

Increases in the carrying amount arising on revaluation of asset classes are credited as a revaluation surplus in equity. Decreases that offset previous increases of the same asset class are recognised against the revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Any accumulated depreciation at the date of revaluation and the gross carrying amount of the asset is restated to the revalued amount of the asset.

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

<b>17. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)</b>			
<b>a) ASSET DISPOSALS</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>
	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Land</b>			
Net book value of disposals	Nil	Nil	Nil
Proceeds on disposal	Nil	Nil	Nil
Profit/(loss) on disposal	Nil	Nil	Nil
<b>Buildings</b>			
Net book value of disposals	Nil	308,992	94,000
Proceeds on disposal	Nil	Nil	Nil
Profit/(loss) on disposal	Nil	(308,992)	(94,000)
<b>Furniture, fixtures and equipment</b>			
Net book value of disposals	57,918	Nil	Nil
Proceeds on disposal	857	Nil	Nil
Profit/(loss) on disposal	(57,061)	Nil	Nil
<b>Plant and machinery</b>			
Net book value of disposals	722,246	372,159	1,017,612
Proceeds on disposal	421,566	340,617	1,017,612
Profit/(loss) on disposal	(300,680)	(31,541)	Nil
<b>Reserve Improvements</b>			
Net book value of disposals	254,272	255,609	63,000
Proceeds on disposal	Nil	Nil	Nil
Profit/(loss) on disposal	(254,272)	(255,609)	(63,000)
<b>Net profit/(loss)</b>	<b>(612,013)</b>	<b>(596,142)</b>	<b>(157,000)</b>
<b>Gain/(Loss) by Program/Function</b>			
Governance	22,772	6,926	Nil
General purpose funding	Nil	Nil	(94,000)
Law, order & public safety	(5,321)	(16,110)	Nil
Education & welfare	(334,152)	(25,695)	Nil
Community amenities	9,636	6,497	Nil
Recreation & culture	(310,294)	(450,781)	(63,000)
Transport	(4,918)	(5,324)	Nil
Economic services	10,264	2,165	Nil
Other property & services	Nil	(113,820)	Nil
	<b>(612,013)</b>	<b>(596,142)</b>	<b>(157,000)</b>

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

**17. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Cont.)****b) RIGHT OF USE ASSETS**

	<b>Plant and Equipment</b>	<b>Total</b>
	\$	\$
Carrying amount at 1 July 2019	122,646	122,646
Additions	35,234	35,234
Depreciation Expense	(74,072)	(74,072)
Carrying amount 30 June 2020	83,808	83,808
Additions	110,386	110,386
Depreciation Expense	(88,511)	(88,511)
Carrying amount 30 June 2021	105,683	105,683

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>2021 Actual</b>	2020 Actual
Depreciation expense on lease liabilities	88,511	74,072
Interest expense on lease liabilities	675	910
<b>Total amount recognised in the statement of comprehensive income</b>	89,186	74,982
Total cash outflow from leases	89,186	74,982

## 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 cannot be determined the City uses its incremental borrowing rate.

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

**c) DEPRECIATION EXPENSE**

	<b>2021 Actual</b>	2020 Actual
	\$	\$
<b>Depreciation Expense by Asset Class</b>		
Buildings	2,217,824	1,574,620
Furniture and equipment	846,424	364,742
Plant and machinery	326,170	530,806
Reserves improvements	1,322,686	1,209,072
Road network - infrastructure	2,512,958	2,453,207
Footpath network - infrastructure	543,359	572,846
Drainage network - infrastructure	991,249	948,136
Carparks	82,792	82,792
Right of use assets - plant & equipment	88,511	74,072
Intangible assets - Computer Software	43,169	0
	<b>8,975,142</b>	<b>7,810,291</b>

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

**17. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Cont.)**

	2021	2020
	Actual	Actual
	\$	\$
<b>Depreciation Expense by Program/Function</b>		
Governance	746,431	263,247
General Purpose Funding	971	8,934
Law, order & public safety	107,042	178,791
Health	68,009	56,200
Education & welfare	103,670	120,307
Housing	132,091	96,220
Community amenities	15,016	19,010
Recreation & culture	2,585,154	2,240,396
Transport	4,424,823	4,452,386
Economic services	736,725	300,598
Other property & services	55,210	74,203
	<u>8,975,142</u>	<u>7,810,291</u>

## SIGNIFICANT ACCOUNTING POLICIES

Depreciation of Property, Plant, Equipment and Infrastructure

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

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. No changes were made during the 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.

Major depreciation periods are:

Buildings - Floor	40 - 150 years
Buildings - Envelope	40 - 150 years
Buildings - Fit-out	15 - 100 years
Buildings - Roof	40 - 150 years
Buildings - Other	10 - 50 years
Furniture & Equipment - General	3 - 10 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	10 - 50 years
Infrastructure - Turf on Parks	Not depreciated
Intangible assets- Computer software	5 years

Following a revaluation the accumulated depreciation at the date of revaluation and the gross carrying amount of the asset is restated to the revalued amount of the asset.

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

<b>18. INTANGIBLE ASSETS</b>		
	2021	2020
	Actual	Actual
	\$	\$
<b>Non Current</b>		
<b>Computer Software</b>	268,396	Nil
Less: Accumulated Depreciation	(43,169)	Nil
	<u>225,227</u>	<u>Nil</u>
<b>Movements in Carrying Amounts</b>		
Carrying Amount 1 July 2020	Nil	Nil
Additions	268,396	Nil
Amortisation expense	(43,169)	Nil
Closing Balance	<u>225,227</u>	<u>Nil</u>

## SIGNIFICANT ACCOUNTING POLICIES

**Computer Software**

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

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

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

<b>19. TOTAL ASSETS</b>		
<b>TOTAL ASSETS CLASSIFIED BY FUNCTION/ACTIVITY</b>		
	2021	2020
	Actual	Actual
	\$	\$
General purpose funding	162,343,871	163,097,085
Governance	4,807,863	4,544,088
Law, order & public safety	574,056	622,375
Health	3,078,486	3,182,667
Education & welfare	4,349,724	4,857,334
Housing	5,123,669	5,285,429
Community amenities	781,313	1,299,175
Recreation & culture	112,988,701	112,644,330
Transport	262,187,216	248,850,801
Economic services	16,753,816	16,169,573
Other property & services	37,052,028	37,847,048
Finance & borrowing	77,689	112,426
Other - unallocated	65,922,252	64,607,912
	<u>676,040,684</u>	<u>663,120,243</u>

CITY OF BELMONT

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

**20. RESERVES - CASH/INVESTMENT BACKED**

**Reserve Account Descriptions**

**ADMINISTRATION BUILDING RESERVE**

Established for the refurbishment of Council's administration building.

**AGED ACCOMMODATION - HOMESWEST RESERVE**

Established to provide for the long term maintenance of Gabriel Gardens and Orana aged housing units.

**AGED COMMUNITY CARE RESERVE**

Established to fund aged care community services.

**AGED PERSONS HOUSING RESERVE**

Used to manage the surplus/deficit position and capital improvements of Council's aged housing centres.

**AGED SERVICES RESERVE**

Established to fund the provision of aged services within the City of Belmont.

**ASCOT WATERS MARINA MAINTENANCE AND REDEVELOPMENT RESERVE**

Established to provide for the ongoing maintenance and future redevelopment needs of the marina at Ascot Waters.

**BELMONT DISTRICT BAND RESERVE**

Established to provide funds for the replacement and acquisition of instruments for the Belmont District Band.

**BELMONT OASIS REFURBISHMENT RESERVE**

Established to provide funds for the future refurbishment of the Belmont Oasis Leisure Centre.

**BELMONT TRUST RESERVE**

Established to fund costs in relation to the Belmont Trust land.

**BUILDING MAINTENANCE RESERVE**

Established to provide funds for the refurbishment and maintenance of Council's Buildings.

**CAR PARKING RESERVE**

Established to provide funds including those received as cash in lieu for any activities that create or enhance car parks.

**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.

**ELECTION EXPENSES RESERVE**

Established to spread the cost of postal voting over two years as elections are only held every two years.

**ENVIRONMENT RESERVE**

Established to fund environmental programs.

CITY OF BELMONT

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

**20. RESERVES - CASH/INVESTMENT BACKED (Cont.)**

**FAULKNER PARK RETIREMENT VILLAGE BUY BACK RESERVE**

Established to fund the future buy back of the Faulkner Park Retirement Village from existing residents.

**FAULKNER PARK RETIREMENT VILLAGE OWNER MAINTENANCE RESERVE**

Established to provide for the future major maintenance and refurbishment requirements at the Faulkner Park Retirement Village.

**FORESHORE DEVELOPMENT RESERVE**

Established to fund Swan River foreshore development as required.

**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.

**INFORMATION TECHNOLOGY RESERVE**

Established for the replacement of Council's core business hardware and software requirements.

**LAND ACQUISITION RESERVE**

Established for the acquisition and/or redevelopment of land and buildings and receives the proceeds of any land or building sales.

**LONG SERVICE LEAVE RESERVE - FUNDED PROGRAMS**

Established to part fund the long service leave liability of Council's community services HACC funded programs.

**LONG SERVICE LEAVE RESERVE – SALARIES**

Established to part fund the long service leave liability of Council's salaried staff.

**LONG SERVICE LEAVE RESERVE – WAGES**

Established to part fund the long service leave liability of Council's wages staff.

**MISCELLANEOUS ENTITLEMENTS RESERVE**

Established to provide funding for unforeseen expenditures relating to staff and entitlements.

**PARKS DEVELOPMENT RESERVE**

Established to provide for future development of the City's Parks including playgrounds and irrigation.

**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.

**PROPERTY DEVELOPMENT RESERVE**

Established to fund any Council property development.

**PUBLIC ART RESERVE**

Established to fund future acquisitions of public art for display in the City of Belmont.

**RUTH FAULKNER LIBRARY RESERVE**

Established for capital improvements to Council's library.

**STREETSCAPES RESERVE**

Established to fund shopping centre revitalisation and streetscape enhancements.

**URBAN FOREST STRATEGY RESERVE**

Established to fund the management and retention of the urban forest.

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

**20. RESERVES - CASH/INVESTMENT BACKED (Cont.)**

## WASTE MANAGEMENT RESERVE

Established to fund waste management initiatives and activities.

## WORKERS COMPENSATION/INSURANCE RESERVE

Established to fund self insurance expenses and major fluctuations in insurance premiums.

<b>Reserve Balances</b>	<b>2021 Actual \$</b>	<b>2020 Actual \$</b>	<b>2021 Budget \$</b>
<b>(a) Administration Building Reserve</b>			
Opening balance	233,260	227,491	233,770
Transfer from accumulated surplus	4,187	5,769	4,248
Transfer to accumulated surplus	Nil	Nil	Nil
	<u>237,447</u>	<u>233,260</u>	<u>238,018</u>
<b>(b) Aged Accommodation - Homeswest Reserve</b>			
Opening balance	817,776	764,030	831,080
Transfer from accumulated surplus	44,566	53,746	58,173
Transfer to accumulated surplus	Nil	Nil	Nil
	<u>862,342</u>	<u>817,776</u>	<u>889,253</u>
<b>(c) Aged Community Care Reserve</b>			
Opening balance	167,898	546,612	63,115
Transfer from accumulated surplus	52,358	13,861	1,100
Transfer to accumulated surplus	Nil	(392,574)	(64,215)
	<u>220,256</u>	<u>167,898</u>	<u>Nil</u>
<b>(d) Aged Persons Housing Reserve</b>			
Opening balance	1,018,354	1,096,572	1,010,892
Transfer from accumulated surplus	24,218	27,806	23,744
Transfer to accumulated surplus	(81,985)	(106,024)	(115,558)
	<u>960,587</u>	<u>1,018,354</u>	<u>919,078</u>

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

<b>20. RESERVES - CASH/INVESTMENT BACKED (Cont.)</b>			
	2021	2020	2021
	Actual	Actual	Budget
	\$	\$	\$
<b>(e) Aged Services Reserve</b>			
Opening balance	1,052,545	1,026,515	1,057,771
Transfer from accumulated surplus	18,897	26,030	19,248
Transfer to accumulated surplus	Nil	Nil	Nil
	<b>1,071,442</b>	<b>1,052,545</b>	<b>1,077,019</b>
<b>(f) Ascot Waters Marina Maintenance &amp; Redevelopment Reserve</b>			
Opening balance	1,010,737	985,741	1,011,528
Transfer from accumulated surplus	18,146	24,996	17,496
Transfer to accumulated surplus	(8,641)	Nil	(50,000)
	<b>1,020,242</b>	<b>1,010,737</b>	<b>979,024</b>
<b>(g) Belmont District Band Reserve</b>			
Opening balance	43,473	39,472	43,561
Transfer from accumulated surplus	3,780	4,001	792
Transfer to accumulated surplus	Nil	Nil	Nil
	<b>47,253</b>	<b>43,473</b>	<b>44,353</b>
<b>(h) Belmont Oasis Refurbishment Reserve</b>			
Opening balance	4,091,252	3,990,074	4,100,204
Transfer from accumulated surplus	73,452	101,178	74,604
Transfer to accumulated surplus	Nil	Nil	Nil
	<b>4,164,704</b>	<b>4,091,252</b>	<b>4,174,808</b>
<b>(i) Belmont Trust Reserve</b>			
Opening balance	1,680,261	1,668,994	1,686,766
Transfer from accumulated surplus	12,902	30,292	16,733
Transfer to accumulated surplus	(10,019)	(19,026)	(185,147)
	<b>1,683,144</b>	<b>1,680,261</b>	<b>1,518,352</b>
<b>(j) Building Maintenance Reserve</b>			
Opening balance	6,391,259	5,355,458	6,398,255
Transfer from accumulated surplus	114,746	1,035,801	116,412
Transfer to accumulated surplus	(828,072)	Nil	(1,200,000)
	<b>5,677,933</b>	<b>6,391,259</b>	<b>5,314,667</b>
<b>(k) Car Parking Reserve</b>			
Opening balance	61,214	59,700	61,190
Transfer from accumulated surplus	1,099	1,514	1,116
Transfer to accumulated surplus	Nil	Nil	Nil
	<b>62,313</b>	<b>61,214</b>	<b>62,306</b>

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

<b>20. RESERVES - CASH/INVESTMENT BACKED (Cont.)</b>			
	2021	2020	2021
	Actual	Actual	Budget
	\$	\$	\$
<b>(l) District Valuation Reserve</b>			
Opening balance	95,937	207,056	87,772
Transfer from accumulated surplus	116,722	120,250	116,596
Transfer to accumulated surplus	Nil	(231,370)	Nil
	<b>212,659</b>	<b>95,937</b>	<b>204,368</b>
<b>(m) Election Expenses Reserve</b>			
Opening balance	75,004	109,708	74,890
Transfer from accumulated surplus	51,346	52,782	51,236
Transfer to accumulated surplus	Nil	(87,486)	Nil
	<b>126,350</b>	<b>75,004</b>	<b>126,126</b>
<b>(n) Environment Reserve</b>			
Opening balance	100,931	27,240	100,992
Transfer from accumulated surplus	1,812	73,691	1,836
Transfer to accumulated surplus	Nil	Nil	(73,000)
	<b>102,743</b>	<b>100,931</b>	<b>29,828</b>
<b>(o) Faulkner Park Ret. Vill. Owner Maint. Reserve</b>			
Opening balance	517,070	434,935	517,862
Transfer from accumulated surplus	35,807	82,135	52,250
Transfer to accumulated surplus	Nil	Nil	Nil
	<b>552,877</b>	<b>517,070</b>	<b>570,112</b>
<b>(p) Faulkner Park Retirement Vill. Buy-Back Reserve</b>			
Opening balance	2,325,901	2,230,344	2,367,009
Transfer from accumulated surplus	41,758	95,557	146,238
Transfer to accumulated surplus	Nil	Nil	Nil
	<b>2,367,659</b>	<b>2,325,901</b>	<b>2,513,247</b>
<b>(q) Foreshore Development Reserve</b>			
Opening balance	Nil	Nil	Nil
Transfer from accumulated surplus	Nil	Nil	Nil
Transfer to accumulated surplus	Nil	Nil	Nil
	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>(r) History Reserve</b>			
Opening balance	140,776	240,673	141,316
Transfer from accumulated surplus	26,527	16,103	2,568
Transfer to accumulated surplus	Nil	(116,000)	Nil
	<b>167,303</b>	<b>140,776</b>	<b>143,884</b>

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

<b>20. RESERVES - CASH/INVESTMENT BACKED (Cont.)</b>			
	2021	2020	2021
	Actual	Actual	Budget
	\$	\$	\$
<b>(s) Information Technology Reserve</b>			
Opening balance	1,146,717	1,325,514	1,149,687
Transfer from accumulated surplus	428,588	33,612	20,916
Transfer to accumulated surplus	Nil	(212,408)	(150,000)
	<b>1,575,305</b>	<b>1,146,717</b>	<b>1,020,603</b>
<b>(t) Land Acquisition Reserve</b>			
Opening balance	9,104,164	9,095,689	9,329,384
Transfer from accumulated surplus	163,452	230,643	8,169,740
Transfer to accumulated surplus	Nil	(222,169)	(8,130,000)
	<b>9,267,616</b>	<b>9,104,164</b>	<b>9,369,124</b>
<b>(u) Long Service Leave Reserve - Funded Programs</b>			
Opening balance	Nil	151,790	12,708
Transfer from accumulated surplus	Nil	3,849	231
Transfer to accumulated surplus	Nil	(155,639)	(12,939)
	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>(v) Long Service Leave Reserve - Salaries</b>			
Opening balance	2,067,804	1,875,732	2,263,247
Transfer from accumulated surplus	494,742	457,336	434,812
Transfer to accumulated surplus	(366,384)	(265,264)	(272,492)
	<b>2,196,162</b>	<b>2,067,804</b>	<b>2,425,567</b>
<b>(w) Long Service Leave Reserve - Wages</b>			
Opening balance	456,472	466,789	468,646
Transfer from accumulated surplus	30,365	87,440	58,532
Transfer to accumulated surplus	(77,559)	(97,757)	(37,894)
	<b>409,278</b>	<b>456,472</b>	<b>489,284</b>
<b>(x) Miscellaneous Entitlements Reserve</b>			
Opening balance	268,516	779,940	707,381
Transfer from accumulated surplus	4,821	19,777	12,876
Transfer to accumulated surplus	(97,500)	(531,201)	(177,872)
	<b>175,837</b>	<b>268,516</b>	<b>542,385</b>

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

<b>20. RESERVES - CASH/INVESTMENT BACKED (Cont.)</b>			
	<b>2021</b>	<b>2020</b>	<b>2021</b>
	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>(y) Parks Development Reserve</b>			
Opening balance	<b>119,054</b>	142,715	119,000
Transfer from accumulated surplus	<b>2,137</b>	122,619	2,160
Transfer to accumulated surplus	<b>(121,191)</b>	(146,280)	(121,160)
	<b>Nil</b>	119,054	Nil
<b>(z) Plant Replacement Reserve</b>			
Opening balance	<b>1,165,999</b>	933,234	1,004,682
Transfer from accumulated surplus	<b>138,265</b>	232,766	434,456
Transfer to accumulated surplus	<b>(483,368)</b>	Nil	(621,344)
	<b>820,896</b>	1,165,999	817,794
<b>(aa) Property Development Reserve</b>			
Opening balance	<b>8,776,778</b>	20,288,140	7,352,081
Transfer from accumulated surplus	<b>1,898,013</b>	1,020,391	115,848
Transfer to accumulated surplus	<b>(1,247,037)</b>	(12,531,753)	(2,295,855)
	<b>9,427,754</b>	8,776,778	5,172,074
<b>(ab) Public Art Reserve</b>			
Opening balance	<b>390,767</b>	287,940	388,846
Transfer from trust funds	<b>1,721</b>	97,532	Nil
Transfer from accumulated surplus	<b>5,295</b>	5,295	7,080
Transfer to accumulated surplus	<b>Nil</b>	Nil	Nil
	<b>397,783</b>	390,767	395,926
<b>(ac) Ruth Faulkner Library Reserve</b>			
Opening balance	<b>45,385</b>	44,263	45,485
Transfer from accumulated surplus	<b>815</b>	1,122	828
Transfer to accumulated surplus	<b>Nil</b>	Nil	Nil
	<b>46,200</b>	45,385	46,313
<b>(ad) Streetscapes Reserve</b>			
Opening balance	<b>486,254</b>	474,229	487,318
Transfer from accumulated surplus	<b>8,730</b>	12,025	8,868
Transfer to accumulated surplus	<b>Nil</b>	Nil	Nil
	<b>494,984</b>	486,254	496,186
<b>(ae) Urban Forest Strategy Reserve</b>			
Opening balance	<b>114,826</b>	111,987	115,078
Transfer from accumulated surplus	<b>2,062</b>	2,840	2,100
Transfer to accumulated surplus	<b>Nil</b>	Nil	Nil
	<b>116,888</b>	114,826	117,178

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

**20. RESERVES - CASH/INVESTMENT BACKED (Cont.)**

	2021 Actual \$	2020 Actual \$	2021 Budget \$
<b>(af) Waste Management Reserve</b>			
Opening balance	2,784,404	2,017,415	2,342,980
Transfer from accumulated surplus	1,803,787	766,989	42,624
Transfer to accumulated surplus	Nil	Nil	Nil
	<u>4,588,191</u>	<u>2,784,404</u>	<u>2,385,604</u>
<b>(ag) Workers Compensation/Insurance Reserve</b>			
Opening balance	1,608,419	1,568,643	1,608,049
Transfer from accumulated surplus	28,877	39,777	29,256
Transfer to accumulated surplus	Nil	Nil	Nil
	<u>1,637,296</u>	<u>1,608,419</u>	<u>1,637,305</u>
<b>Total Movement</b>	<u>2,332,237</u>	<u>(10,215,427)</u>	<u>(3,462,759)</u>
<b>TOTAL CASH RESERVES</b>	<u>50,691,443</u>	<u>48,359,205</u>	<u>43,719,784</u>

**21. REVALUATION SURPLUS**

Revaluation Surpluses have arisen on revaluation of the following classes of non-current assets:

	2021 Actual \$	2020 Actual \$
<b>(a) Land</b>		
Opening balance	168,084,088	168,084,088
Impairment/Revaluation Movement	Nil	Nil
	<u>168,084,088</u>	<u>168,084,088</u>
<b>(b) Buildings</b>		
Opening balance	62,124,143	65,490,390
Revaluation Movement	Nil	(3,366,247)
	<u>62,124,143</u>	<u>62,124,143</u>
<b>(c) Road network - infrastructure</b>		
Opening balance	71,854,029	71,854,029
Revaluation Movement	Nil	Nil
	<u>71,854,029</u>	<u>71,854,029</u>

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

<b>21. REVALUATION SURPLUS (Cont.)</b>		
	2021 Actual \$	2020 Actual \$
<b>(d) Footpath network - infrastructure</b>		
Opening balance	7,955,956	7,955,956
Revaluation Movement	4,675,146	Nil
	<u>12,631,102</u>	<u>7,955,956</u>
<b>(e) Drainage network - infrastructure</b>		
Opening balance	46,346,919	46,346,919
Revaluation Movement	8,776,484	Nil
	<u>55,123,404</u>	<u>46,346,919</u>
<b>(f) Parks and gardens - infrastructure</b>		
Opening balance	19,790,830	16,813,098
Revaluation Movement	Nil	2,977,732
	<u>19,790,830</u>	<u>19,790,830</u>
<b>(g) Carparks</b>		
Opening balance	2,869,844	2,869,844
Revaluation Movement	Nil	Nil
	<u>2,869,844</u>	<u>2,869,844</u>
<b>(h) Eastern Metropolitan Regional Council</b>		
Opening balance	4,769,810	4,666,066
Revaluation Movement (note 9)	(568,882)	103,744
	<u>4,200,928</u>	<u>4,769,810</u>
<b>Total Revaluation Surplus</b>		
Opening balance	383,795,620	384,080,391
Revaluation Movement	12,882,748	(284,771)
	<u>396,678,368</u>	<u>383,795,620</u>

**22. NOTES TO THE STATEMENT OF CASH FLOWS****Reconciliation of cash**

For the purposes of the Statement of Cash Flows, the City considers cash to include cash on hand, in banks and short-term deposits with an original maturity of three months or less that are readily convertible to cash. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2021 Actual \$	2020 Actual \$	2021 Budget \$
Cash at bank	11,479,614	22,430,809	4,169,575
Cash on hand	4,150	4,400	5,250
	<u>11,483,764</u>	<u>22,435,209</u>	<u>4,174,825</u>

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

**23. RECONCILIATION OF NET CASH FROM OPERATING ACTIVITIES**

	2021 Actual \$	2020 Actual \$
Net result	2,675,589	14,646,699
Add/(less) non cash items:		
Depreciation	8,975,142	7,810,291
(Profit)/loss on disposal of assets	612,013	596,142
Initial recognition of library items	(96,538)	(394,161)
Fair value adjustments to assets	(6,464)	(2,882)
Change in equity - associate	(686,987)	1,338,762
	<u>11,472,755</u>	<u>23,994,852</u>
Changes in operating assets and liabilities:		
* (Increase)/decrease in receivables	255,188	59,300
(Increase)/decrease in other current assets	868,355	948,798
(Increase)/decrease in stores inventory	(3,650)	9,232
Increase/(decrease) in interest payable	(6,116)	(6,903)
Increase/(decrease) in creditors & provisions	(2,263,149)	1,953,378
Increase/(decrease) in other current liabilities	161,433	859,950
Non-Operating grants, subsidies and contributions	(2,439,578)	(12,510,801)
Net cash from operating activities	<u>8,045,239</u>	<u>15,307,806</u>

\* Excludes non-operating receivables

**24. CREDIT STANDBY ARRANGEMENTS**

The City of Belmont endeavours to maintain its Municipal bank accounts with sufficient funds to ensure that they do not go into overdraft, however, the City has an overdraft facility of:

	2021 Actual \$	2020 Actual \$
Bank overdraft limit	200,000	200,000
Credit Card limit	60,000	60,000
Total Amount of credit unused at balance date	<u>260,000</u>	<u>260,000</u>

**25. TRADING UNDERTAKINGS**

In accordance with Regulation 45 of the Local Government (Financial Management) Regulations 1996, there are no Trading Undertakings conducted in the financial year ended 30 June 2021.

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

**26. FINANCIAL RISK MANAGEMENT**

The City's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The City's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the City.

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 Department under policies approved by the Council.

The City held the following financial instruments at balance date:

	<b>Carrying Value</b>	<b>Fair Value</b>
	<b>2021</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
Cash and cash equivalents	11,483,764	11,483,764
Other financial assets at amortised cost	53,866,996	53,866,996
Other financial assets at fair value through profit and loss	184,517	184,517
Trade and other receivables at amortised cost	2,253,788	2,253,788
	<u>67,789,065</u>	<u>67,789,065</u>
<b>Financial Liabilities</b>		
Trade and other payables	5,877,987	5,877,987
Borrowings	13,536,589	11,108,729
Other liabilities	1,394,107	1,394,107
Lease Liability	105,683	105,683
	<u>20,914,366</u>	<u>18,486,506</u>
	<b>Carrying Value</b>	<b>Fair Value</b>
	<b>2020</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
Cash and cash equivalents	22,435,209	22,435,209
Other financial assets at amortised cost	41,826,938	41,826,938
Other financial assets at fair value through profit and loss	178,053	178,053
Trade and other receivables at amortised cost	2,424,172	2,424,172
	<u>66,864,372</u>	<u>66,864,372</u>
<b>Financial Liabilities</b>		
Trade and other payables	7,597,642	7,597,642
Borrowings	14,094,645	11,602,014
Other liabilities	1,790,531	1,790,531
Lease Liability	83,808	83,808
	<u>23,566,626</u>	<u>21,073,995</u>

Fair value is determined as follows:

Cash and Cash Equivalents, Other Financial Assets, Receivables, Payables - estimated to the carrying value which approximates net market value.

Borrowings - estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

CITY OF BELMONT

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

**26. FINANCIAL RISK MANAGEMENT (Cont.)**

**Cash and Cash Equivalents / Other Financial Assets (Investments)**

The City’s objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. Investments must also comply with statutory and policy requirements. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). The City has an investment policy and the policy is subject to an annual review. Monthly Investment Reports are provided on a quarterly basis setting out the make-up and performance of the portfolio.

Cash and investments are also subject to interest rate risk being the risk that movements in interest rates could affect returns. Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the City to interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts.

**Impact of a 1% movement in interest rates on cash and investments:**

	2021	2020
	\$	\$
Equity	66,223	82,384
Statement of Comprehensive Income	66,223	82,384

Another risk associated with cash and investments is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to City.

The City manages these risks by applying counterparty limits and maintaining credit quality (i.e. credit ratings) in line with The City's Investment Policy . The City also seeks advice from independent advisers (where applicable) before placing any cash and investments.

The City no longer holds managed fund investments so the investment portfolio is not subject to price risk.

**Receivables**

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

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

The level of outstanding receivables is monitored against benchmarks for acceptable collection performance. The City makes suitable provision for doubtful receivables as required and carries out credit checks on significant non-rate debtors if required. There are no material receivables that have been subject to a re-negotiation of repayment terms.

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

**26. FINANCIAL RISK MANAGEMENT (Cont.)**

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 term 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 2020 or 1 July 2021 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 debtors to settle the receivables.

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

	<b>Overdue</b>	<b>Total</b>
<b>30 June 2021</b>		
Rates Debtors		
Expected credit loss	0%	
Gross carrying amount	1,705,913	1,705,913
Loss allowance	0	0

<b>30 June 2020</b>		
Rates Debtors		
Expected credit loss	0%	
Gross carrying amount	1,673,290	1,673,290
Loss allowance	0	0

Due to limitation within Pathway system, the City is unable to disclose the debtors age analysis. Based on historical records, the recoverability of rates debtors are secured upon the sale of property therefore the expected credit loss is nil.

	<b>Current</b>	<b>More than 30 days past due</b>	<b>More than 60 days past due</b>	<b>More than 90 days past due</b>	<b>Total</b>
<b>30 June 2021</b>					
Sundry Debtors					
Expected credit loss	0%	0%	0%	0%	
Gross carrying amount	98,285	810	2,228	41,589	142,912
Loss allowance	0	0	0	0	0
<b>30 June 2020</b>					
Sundry Debtors					
Expected credit loss	0%	0%	0%	0%	
Gross carrying amount	57,312	211,403	42,153	35,329	346,197
Loss allowance	0	0	0	0	0

**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.

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

**26. FINANCIAL RISK MANAGEMENT (Cont.)**

The contractual undiscounted cash flows of the City's payables and borrowings (principal and interest) are set out in the Liquidity Table below:

	<b>Due within 1 year \$</b>	<b>Due between 1 and 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b>2021</b>					
Trade and other payables	5,877,987	Nil	Nil	5,877,987	5,877,987
Borrowings	1,170,535	4,640,393	13,411,796	19,222,724	13,536,590
Other liabilities	1,323,574	70,533	Nil	1,394,107	1,394,107
Lease liability	72,032	33,651	Nil	105,683	105,683
	<u>8,444,128</u>	<u>4,744,577</u>	<u>13,411,796</u>	<u>26,600,501</u>	<u>20,914,367</u>
<b>2020</b>					
Trade and other payables	7,597,642	Nil	Nil	7,597,642	7,597,642
Borrowings	1,174,667	4,657,513	14,565,211	20,397,391	14,094,645
Other liabilities	1,726,511	64,020	Nil	1,790,531	1,790,531
Lease liability	66,769	17,039	Nil	83,808	83,808
	<u>10,565,589</u>	<u>4,738,572</u>	<u>14,565,211</u>	<u>29,869,372</u>	<u>23,566,626</u>



## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

<b>28. FINANCIAL RATIOS</b>			
	2021	2020	2019
<b>Current Ratio</b>	<b>1.69:1</b>	1.47:1	1.27:1
<i>Measures the ability to meet current commitments.</i>			
<i>Basic Standard &gt; 1:1</i>			
<u>Current Assets minus Restricted Assets</u>			
Current liabilities minus liabilities associated with restricted assets			
<b>Debt Service Cover Ratio</b>	<b>7.18</b>	8.50	6.35
<i>Measures capacity to meet annual debt commitments.</i>			
<i>Advanced Standard &gt; 5</i>			
<u>Annual Operating Surplus before Interest and Depreciation</u>			
Principal and Interest			
<b>Own Source Revenue Coverage</b>	<b>0.92</b>	0.95	0.94
<i>Ability to cover costs through Council's own revenue.</i>			
<i>Basic Standard : 0.40 to 0.60</i>			
<u>Own Source Operating Revenue</u>			
Operating Expense			
<b>* Operating Surplus Ratio</b>	<b>-0.78%</b>	5.76%	-0.39%
<i>Measure of Council's financial performance.</i>			
<i>Basic Standard : 1% to 15%</i>			
<u>Operating Revenue minus Operating Expense</u>			
Own Source Operating Revenue			
* Operating expense in 2019 includes a one-off expense of \$3.82m for underground power otherwise the ratio would have been 6.01%. Covid-19 has had an adverse impact in 2021.			
<b>Asset Sustainability Ratio</b>	<b>0.86</b>	1.14	0.93
<i>Measures the extent to which assets are replaced at the end of their useful lives.</i>			
<i>Basic Standard &gt;0.90</i>			
<u>Capital Replacement and Renewal Expenditure</u>			
Depreciation			
<b>Asset Renewal Funding ratio</b>	<b>100%</b>	100%	100%
<i>Measures ability to fund asset renewal as required.</i>			
<i>Basic Standard : 75% to 95%</i>			
<u>NPV of Planned Capital Renewals over 10 years</u>			
NPV of Required Capital Renewals over 10 years			
<b>Asset Consumption Ratio</b>	<b>0.75</b>	0.75	0.74
<i>Extent to which assets have been consumed.</i>			
<i>Basic Standard &gt;0.50</i>			
<u>Depreciated Replacement Cost of Depreciable Asset</u>			
Current Replacement Cost of Depreciable Asset			

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

**29. EMPLOYEES NUMBERS**

	2021 No.	2020 No.
Total number of full time equivalent employees at balance date.	212.67	224.42

**30. 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 expires in February 2022 and extension is subject to approval by the Minister.

**31. EVENTS AFTER THE REPORTING DATE**

The City was a participant in the Eastern Metropolitan Regional Council (EMRC) , notice of withdrawal was submitted on the 23/12/2020 but will be effective on the 1/7/2021. As at the reporting date the City's equity interest in the EMRC is \$21,000,517.

**32. RELATED PARTY TRANSACTIONS****Key Management Personnel (KMP) Compensation Disclosure**

The total remuneration paid to KMP, excluding the Elected Members remuneration, during the year are as follows:

	2021 Actual \$	2020 Actual \$
Short-term employee benefits	1,165,958	1,075,805
Post-employee benefits	118,349	124,868
Other long-term benefits	123,376	101,451
Termination benefits	Nil	125,939
	<u>1,407,683</u>	<u>1,428,064</u>

**Short-term employee benefits**

These amounts include salaries awarded to KMP except for details in respect of fees and benefits paid to elected members which may be found below.

**Post-employment benefits**

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

**Other long-term benefits**

These amounts represent annual and long service leave benefits accrued during the year.

**Termination benefits**

These amounts represent termination benefits paid to or provided for KMP.

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

**32. RELATED PARTY TRANSACTIONS (Cont.)****Elected Members Remuneration**

Fees, expenses and allowances paid to elected members in accordance with the provisions of the *Local Government Act 1995* are as follows:

	2021 Actual \$	2020 Actual \$	2021 Budget \$
<b>Mayor - P Marks</b>			
Local Government Allowance	89,753	89,753	89,753
Annual Meeting Attendance Fees	47,516	47,516	47,516
Information & Communications Allowance	3,500	3,500	3,500
Expense Allowance	Nil	Nil	Nil
	<b>140,769</b>	<b>140,769</b>	<b>140,769</b>
<b>Deputy Mayor - G Sekulla</b>			
Local Government Allowance	22,438	22,438	22,438
Annual Meeting Attendance Fees	31,678	31,678	31,678
Information & Communications Allowance	3,500	3,500	3,500
Expense Allowance	Nil	Nil	Nil
	<b>57,616</b>	<b>57,616</b>	<b>57,616</b>
<b>Other Councillors (Cr Wolf, Ryan, Powell, Rossi, Davis, Cavoun, Bass)</b>			
Annual Meeting Attendance Fees (\$31,678 per councillor)	221,746	221,746	221,746
Information & Communications Allowance (\$3,500 per councillor)	24,500	24,500	24,500
Travel Expense (Cr Davis)	20	20	1,500
	<b>246,266</b>	<b>246,266</b>	<b>247,746</b>
Mayors Annual Allowance	89,753	89,753	89,753
Deputy Mayors Annual Allowance	22,438	22,438	22,438
Annual Meeting Attendance Fees	300,940	300,940	300,940
Information & Communications Allowance	31,500	31,500	31,500
Expense Allowance	20	20	1,500
	<b>444,651</b>	<b>444,651</b>	<b>446,131</b>

CITY OF BELMONT

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

**32. RELATED PARTY TRANSACTIONS (Cont.)**

The City's main related parties are as follows:

1. *Key Management Personnel* - Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member. Also included are close family members of KMP and entities controlled by any KMP or their close family members.

2. *Entities subject to significant influence by the City of Belmont*- 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.

**Transactions with related parties**

Normal citizen transactions that have been identified as not requiring disclosure includes rates, rate refunds, hall hire fees and other common fees and charges.

Related party transactions listed below are on normal commercial terms and conditions.

	<b>2021</b>	2020
	<b>Actual</b>	Actual
	\$	\$
<u>Associate:</u>		
Payments made to the EMRC for waste services.	<b>3,480,253</b>	3,331,491
Balances outstanding to the EMRC at balance date.	<b>292,238</b>	255,024
Grant income for City held events.	<b>Nil</b>	15,992
<u>Other Entities:</u>		
Payments made to Belmont Retirement Villages Board of Management (BRVBM).	<b>92,000</b>	54,000
Balances outstanding to the BRVBM at balance date.	<b>Nil</b>	Nil
Income received by the City from the BRVBM	<b>112,938</b>	140,141
Balances owing to the City from the BRVBM at balance date.	<b>Nil</b>	Nil

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.

## CITY OF BELMONT

## NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

**33. BORROWING DETAILS**CITY OF BELMONT - LOAN REPAYMENT SCHEDULE  
FOR THE YEAR ENDED 30 JUNE 2021

Particulars	Issue Date	Original Principal	Interest Rate	Mat Date	** Opening Liability	Principal Paid	Budget 2020/21	*Interest Expense	Budget 2020/21	Accrued Interest	Closing Liability
<b>OTHER PROPERTY &amp; SERVICES</b>											
Loan No. 181 Waterway Crescent	30/06/10	1,350,000	6.28	05/20	475	Nil	Nil	Nil	Nil	Nil	Nil
<b>RECREATION AND CULTURE</b>											
Loan 183 New Community Centre	01/05/18	15,000,000	4.51	05/38	14,094,170	551,941	551,941	619,175	622,726	131,841	13,536,589
		<b>16,350,000</b>			<b>14,094,645</b>	<b>551,941</b>	<b>551,941</b>	<b>619,175</b>	<b>622,726</b>	<b>131,841</b>	<b>13,536,589</b>

The Western Australian Treasury Corporation (WATC) is the lender of all loans and no loans have been refinanced.

\* Interest expense includes the payment of accrued interest from the previous financial year and the Government Guarantee Fee. The movement in accrued interest for the year ended 30 June 2021 was \$6,116 with a total of \$1,171,116 (principal plus interest) being paid to the WATC during the year.

\*\* Includes accrued interest paid in the current financial year so it is recognised as an expense in the previous financial year.

**34. MAJOR LAND TRANSACTIONS**

The 2017-2018 financial year includes one Major Land Transaction being the Belmont Hub which includes a dedicated area for a Café with the intention to commercially lease the Café. The Café component of the Community Centre is approximately 2.5% (293m<sup>2</sup>) of the total floor area, being 11612 m<sup>2</sup>. Even though the Café is incidental to the primary purpose of the Centre it is considered commercial in nature and as such necessitates compliance to section 3.59 "Commercial Enterprises by local government" of the Act.

**New Community Centre**

A contract for the construction of the Belmont Hub was awarded during 2017-2018 with construction finalised during 2020-2021. The following table provides the funding sources, estimated costs and future budgets for the construction contract.

	2017-2018 Actual	2018-2019 Actual	2019-2020 Actual	2020-2021 Actual	2021-2022 Budget	Total
Grants	483,754	4,939,590	8,062,362	Nil	Nil	13,485,706
\$15M Loan (as used)	2,505,625	12,494,375	Nil	Nil	Nil	15,000,000
Reserves	Nil	1,685,671	7,895,735	253,263	Nil	9,834,669
Municipal Fund	Nil	260,537	(260,537)	Nil	Nil	Nil
Total Funding	2,989,379	19,380,173	15,697,560	253,263	Nil	38,320,375
Annual Construction Cost	2,989,379	19,380,173	15,697,560	253,263	Nil	38,320,375

Other known costs associated with the Belmont Hub includes professional fees for consulting and project management services that are supported by municipal, grant and reserve funds:

	2017-2018 and Prior Actual	2018-2019 Actual	2019-2020 Actual	2020-2021 Actual	2021-2022 Budget	Total
Operating and Architectural Costs	1,901,840	518,092	699,708	1,851,249	1,126,106	6,096,995
Capital Costs - Fitout & Equipment	Nil	Nil	2,768,829	1,040,355	150,000	3,959,184
Total	1,901,840	518,092	3,468,537	2,891,604	1,276,106	10,056,179

CITY OF BELMONT

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

**35. OTHER SIGNIFICANT ACCOUNTING POLICIES**

a) Goods and Services Tax

Revenues, Expenses and Assets are recognised net of the amount of Goods and Services Tax (GST), except:

- i) Where the amount of GST incurred is not recoverable from the taxation office, it is recognised as part of the acquisition of an asset or as part of an item of expense; or
- ii) for receivables or payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation office is included as part of the receivables or payables. Cashflows are included in the Statement of Cash Flows on a gross basis. The GST component arising from investing and financing activities is classified as operating cashflows.

b) 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.

CITY OF BELMONT

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

**35. OTHER SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

c) Fair Value Hierarchy

When performing a revaluation the City uses a mix of both independent and management valuations. Where appropriate, revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date (Level 1 inputs in the fair value hierarchy).

For land and buildings, fair value will be determined based on the nature of the asset class. For freehold land and non-specialised buildings, fair value will be determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value will be determined having regard for current replacement cost and both observable and unobservable inputs. These include construction costs based on recent contract prices (observable level 2 inputs in the fair value hierarchy), current condition, residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

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:

i) Market approach

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

ii) Income approach

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

iii) 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.

CITY OF BELMONT

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

**35. OTHER SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

d) 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 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 such as roads, drains, public buildings, etc. that are measured under the revaluation model, no annual assessment 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.

e) Superannuation

The City contributes to the Local Government Superannuation Scheme, the Occupational Superannuation Fund, and other Choice Funds which are selected by employees. All funds are defined contribution schemes.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

f) Rounding of 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.

g) Comparatives

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 the financial statements that have a material effect on the Statement of Financial Position, an additional Statement of Financial Position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

h) Budget Comparative Figures

Unless otherwise stated, the budget comparatives figure shown in this Annual Financial Report relate to the original budget estimate for the relevant item or disclosure.

i) 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 or non-current based on the City's intentions to release for sale.

CITY OF BELMONT

NOTES TO AND FORMING PART OF THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

**36. ACTIVITIES/PROGRAMS**

**Statement of Objective**

The City of Belmont is dedicated to effectively and efficiently promote growth, safeguard the health, safety and convenience, and economic and general welfare of the community of the City of Belmont.

**GOVERNANCE**

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.

**GENERAL PURPOSE FUNDING**

Includes the cost of collecting rates income and all general purpose funding e.g. Grants Commission Funding.

**LAW, ORDER AND PUBLIC SAFETY**

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.

**HEALTH**

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.

**EDUCATION AND WELFARE**

The provision of children services, the care of the aged and disabled through Aged and Disabled Services, Senior Citizen Centres and Meals on Wheels. The provision of some pre-school education facilities, but not the delivery of education.

**HOUSING**

The provision of Aged Housing Facilities throughout the district.

**COMMUNITY AMENITIES**

Includes sanitation (household refuse); stormwater drainage; town and regional planning and development; the provision of rest rooms and protection of the environment.

**RECREATION AND CULTURE**

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.

**TRANSPORT**

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.

**ECONOMIC SERVICES**

The management of local tourism and area promotion. The provision of building approvals and control. Any other economic services.

**OTHER PROPERTY AND SERVICES**

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 ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**SUPPLEMENTARY INFORMATION**

The number of employees of the Council, in bands of \$10,000, entitled to an annual salary of \$130,000 or more is as follows:

<b>Salary range</b>	<b>2021</b>	<b>2020</b>
\$	<b>No.</b>	<b>No.</b>
130,000 - 139,999	5	4
140,000 - 149,999	1	2
150,000 - 159,999	4	5
160,000 - 169,999	Nil	1
170,000 - 179,999	2	2
180,000 - 189,999	1	6
190,000 - 199,999	5	Nil
200,000 - 209,999	3	1
210,000 - 219,999	Nil	Nil
220,000 - 229,999	Nil	Nil
230,000 - 239,999	Nil	1
240,000 - 249,999	1	1
250,000 - 259,999	Nil	Nil
260,000 - 269,999	Nil	Nil
270,000 - 279,999	Nil	Nil
280,000 - 289,999	Nil	Nil
290,000 - 299,999	Nil	1
300,000 - 309,999	Nil	Nil
310,000 - 319,999	1	Nil

**ATTACHMENT**

**CITY OF BELMONT**

**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2021**

**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
<b>Findings identified in the current audit</b>			
1. Timely preparation and review of monthly payroll reconciliations		✓	
2. Intangible assets		✓	
3. Fixed asset register depreciation rate		✓	

**KEY TO RATINGS**

The Ratings in this management letter are based on the audit team’s assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating may be reported as a matter of non-compliance in the audit report in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit report, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

**ATTACHMENT**

**CITY OF BELMONT**

**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2021**

**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

**1. Timely Preparation and Review of Monthly Payroll Reconciliations**

**Finding**

We identified that the monthly payroll reconciliations for the period from September 2020 to February 2021 were not prepared in a timely manner and independently reviewed.

**Rating: Moderate**

**Implication**

Increased risk of errors and/or potential fraud remaining undetected and misstated financial statements.

**Recommendation**

Management should ensure payroll reconciliations are prepared on a timely basis and reviewed by an appropriate officer.

**Management Comment**

*Payroll reconciliations will be prepared monthly and forwarded to Manager of Finance for review and approval.*

**Responsible Person:** Human Resource Manager  
**Completion Date:** 31 December 2021

**ATTACHMENT**

**CITY OF BELMONT**

**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2021**

**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

**2. Intangible Assets**

**Finding**

We identified that the City's website costs totalling \$382k were classified as furniture and equipment. Out of this \$328k, \$114k of these are website design costs and do not qualify for capitalisation per *AASB 138 – Intangible Assets* and *INT 132 – Intangible Assets – Web Site Costs* and should have been expensed.

Management has since processed the required adjustments within the financial report.

We also noted that the City does not have a formal accounting policy for the recognition and treatment of intangible assets.

**Rating: Moderate**

**Implication**

Increased risk of potential misstatement of monthly financial reports and year-end financial statements, and non-compliance with relevant accounting standards.

**Recommendation**

Management should:

- undertake a review of their existing fixed assets to ensure all non-current assets are appropriately recognised and classified, and
- develop and implement an intangible asset accounting policy to ensure the correct recognition and treatment of such assets are consistent with *AASB 138 – Intangible Assets* and relevant accounting interpretations.

**Management Comment**

*A review of non-current assets has subsequently been performed and no further assets need to be classified as intangible assets.*

*A procedure for the recognition and treatment of intangible assets will be developed and documented to ensure assets are properly classified and treated.*

**Responsible Person:** Manager Finance  
**Completion Date:** 31 March 2022

**ATTACHMENT**

**CITY OF BELMONT**

**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2021**

**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

**3. Fixed Asset Register Depreciation Rate**

**Finding**

We identified 52 assets in the City's fixed asset register with unexplained differences between the depreciation rates and recorded useful life, causing a total variance of \$15k.

**Rating: Moderate**

**Implication**

Use of incorrect depreciation rates that are not reflective of the asset's useful life may lead to a material misstatement within the financial statements and non-compliance with the accounting standards.

**Recommendation**

Management should:

- undertake a review of their existing assets where the depreciation rates and useful lives differ, and
- ensure appropriate measures are in place for appropriate and consistent allocation of depreciation rates and useful lives.

**Management Comment**

*The depreciation rates of all asset classes will be reviewed annually to ensure assets are being consistently and accurately depreciated. This review will also ensure depreciation rates are aligned to the useful lives of assets in Finance One.*

**Responsible Person:** Manager Finance

**Completion Date:** 31 March 2022

Council Ref : 19/005  
Customer Ref :  
Enquiries : 9477 7222

CITY OF BELMONT  
Locked Bag 379  
Cloverdale  
Western Australia 6985  
  
215 Wright Street  
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 2021**

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 2021 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 and the Australian Accounting Standards.

We submit the following representations for the year ended 30 June 2021 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 and the 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.

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 BelmontCouncilWA

 BelmontCouncilWA

 @BelmontCouncil



- (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.
- (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 of Belmont 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 of Belmont involving:
  - (i) Management;
  - (ii) Employees who have significant roles in internal control; or
  - (iii) Othershave occurred to the knowledge of management of the City of Belmont.
- (m) To our knowledge no allegations of fraud or suspected fraud affecting the City of Belmont 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 of Belmont 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 of Belmont 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 2021.

**8. RELATED PARTIES**

We have disclosed to your auditors the identity of the City of Belmont 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 of Belmont 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 of Belmont 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**

All events subsequent to the date of the financial report and up to the date of this letter for which Australian Accounting Standards require adjustment or disclosure, have been adjusted or disclosed.

**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. FINANCIAL RATIOS**

We confirm that the financial ratios included in the annual financial report have been prepared and fairly presented in accordance with the *Local Government (Financial Management) Regulations 1996*.

We confirm that the asset consumption ratio and the asset renewal funding ratio are supported by verifiable information and reliable assumptions.

**15. ACCOUNTING MISSTATEMENTS**

There are no uncorrected misstatements in the financial report

**16. 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 of Belmont 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 of Belmont 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.

**17. 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 & Governance**  
Michelle Bell

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

\_\_\_\_\_  
**Chief Executive Officer**  
John Christie

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

## 12 Next Meeting

The next meeting of the Standing Committee (Audit and Risk) will be advised.

## 13 Closure

There being no further business, the Presiding Member thanked everyone for their attendance and closed the meeting at 7.46pm.

### Minutes confirmation certification

The undersigned certifies that these Minutes of the Standing Committee (Audit and Risk) Meeting held on 14 February 2022 were confirmed as a true and accurate record at the Standing Committee (Audit and Risk) Meeting held 28 March 2022.

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

PRINT name of the Person Presiding: **JENNY DAVIS**