

Minutes

Audit and Risk Management Committee

Monday 12 September 2022

By signing these minutes I certify that they were confirmed at the Audit and Risk Management Committee held on 6 December 2022.

CR GEORGIA JOHNSON
CHAIRPERSON

TABLE OF CONTENTS

1 OFFICIAL OPENING	3
2 ACKNOWLEDGEMENT OF COUNTRY	3
3 ATTENDANCE	3
3.1 Apologies	4
4 DISCLOSURE OF INTEREST SUMMARY	4
5 DELEGATED AUTHORITY BY COUNCIL	4
6 TERMS OF REFERENCE	4
7 CONFIRMATION OF MINUTES.....	6
8 REPORTS.....	7
8.1 2020/21 Annual Financial Report	7
8.2 Debtors Write-Off.....	121
8.3 Mobile Food Permit - Waiver Request - 55 Central Trading As Grow And Grind 	139
8.4 Quarterly Performance Review - Quarter 4 (Apr-Jun) - Audit.....	144
8.5 Audit And Risk Management Committee Meeting Dates	162
9 PREVIOUS MATTERS DEALT WITH NOT ON THE AGENDA.....	166
10 GENERAL BUSINESS	166
10.1 2021/22 Audit Entry Update	166
10.2 Paxon Financial Review Update.....	166
10.3 ERP Project Update	166
11 BRIEFING NOTES	166
12 CONFIDENTIAL ITEMS	167
12.1 Annual Internal Audit Program 2022/23.....	167
12.2 Internal Audit - Bayswater Waves Aquatic Centre Review	168
12.3 Internal Audit - Swimming Pool Inspections.....	169
13 NEXT MEETING	170
14 CLOSURE	170

Minutes of the Audit and Risk Management Committee of the Bayswater City Council which took place in the Committee Room, City of Bayswater Civic Centre, 61 Broun Avenue, Morley on Monday 12 September 2022.

1 OFFICIAL OPENING

The Presiding Member, Cr Giorgia Johnson, declared the meeting open at 5:00pm.

2 ACKNOWLEDGEMENT OF COUNTRY

In accordance with the City of Bayswater's Reflect Reconciliation Action Plan November 2019- November 2020, the Presiding Member will deliver the Acknowledgement of Country.

Noongar Language

Ngalla City of Bayswater kaatanginy baalapa Noongar Boodja baaranginy, Wadjuk moort Noongar moort, boordiar's koora koora, boordiar's ye yay ba boordiar's boordawyn wah.

English Language Interpretation

We acknowledge the Traditional Custodians of the Land, the Whadjuk people of the Noongar Nation, and pay our respects to Elders past, present and emerging.

The Presiding Member, Cr Giorgia Johnson acknowledged the Traditional Custodians of the land, the Whadjuk people of the Noongar nation, and paid respects to Elders past, present and emerging.

3 ATTENDANCE

Members

Cr Giorgia Johnson Chairperson
 Cr Filomena Piffaretti, Mayor
 Cr Josh Eveson
 Mr Andrew Cox (Attended via electronic means)
 Ms Jillian Brazil

Officers

Mr Jeremy Edwards	Chief Executive Officer
Ms Lorraine Driscoll	Director Corporate and Strategy
Ms Linnet Solomons	Manager Financial Services
Ms Amanda Albrecht	Manager Governance, Organisational Planning and Development
Ms Tami Cooper	Coordinator Risk Management
Ms Hilda Ho	Senior Accountant

Observers

Mr Jordan Langford-Smith	Senior Director, Financial Audit, Office of the Auditor General
Mr Duy Vo	Director, William Buck

Leave of Absence

Nil.

3.1 Apologies

Cr Michelle Sutherland
 Ms Karen D'Cunha Coordinator Governance
 Ms Joanne Clarke Audit Manager, Office of the Auditor General

4 DISCLOSURE OF INTEREST SUMMARY

In accordance with section 5.65 of the *Local Government Act 1995*:

A member who has an interest in any matter to be discussed at a Council or Committee meeting that will be attended by the member must disclose the nature of the interest -

- (a) in a written notice given to the CEO before the meeting; or
- (b) at the meeting immediately before the matter is discussed.

The following disclosures of interest were made at the meeting:

Name	Item No.	Type of Interest	Nature of Interest
Ms Jillian Brazil	10.2	Impartial	Formerly worked for Paxon auditors.

5 DELEGATED AUTHORITY BY COUNCIL

The Audit and Risk Management Committee has certain legislated powers and authority as outlined in the Terms of Reference, however no Delegated Authority has been provided by Council.

This meeting is open to the public.

6 TERMS OF REFERENCE

TERMS OF REFERENCE Audit and Risk Management Committee	
Purpose	The purpose of the Committee is to provide independent oversight so that Council can be satisfied with the performance and effectiveness of the City's financial reporting, governance systems, risk management and internal control practices.
Elected Member membership	Four Elected Members*. <i>*minimum three required under legislation</i>
External Member membership	Up to two external members.
Non-Voting Members	The Chief Executive Officer or his/her nominee is to be available together with the Director Corporate and Strategy or his/her nominee, to attend all meetings to provide advice and guidance to the Committee. Other Council officers may attend meetings as and when required. The City shall provide such administrative support to the Committee as may be required from time to time.
Powers	The Committee does not have executive powers or authority implement actions in areas over which the Chief Executive Officer has legislative responsibility and does not have any delegated financial responsibility. The Committee does not have any management functions and cannot involve itself in the management processes or procedures. In discharging its responsibilities, the Committee will liaise with the Chief Executive Officer to ensure the effective and efficient management of the

	<p>City's functions and compliance with legislation and, in particular, Part 6 (Financial Management) and Part 7 (Audit) of the <i>Local Government Act 1995</i> ('the Act') as well as Part 16 (Functions of Audit Committee) and Part 17 (CEO to review certain systems and procedures) of the <i>Local Government (Audit) Regulations 1996</i> ('the audit regulations') and periodic reviews of the City's financial management systems under Regulation 5 (2) of the Local Government (Financial Management) Regulations 1996 ('the financial regulations').</p> <p>The Committee may request such access to members of management, employees and all relevant information as it considers necessary to discharge its duties. This includes being entitled to request access to records, data, reports and explanatory information as the Committee deems necessary to discharge its responsibilities for providing independent oversight.</p>
Roles and Functions	<p>The roles and functions of the Committee are to:</p> <p>(a) Guide and assist the City in carrying out its functions under Part 7 of the Act which covers the essential requirements for appointment of auditors and conducting audits, and in particular, oversee implementation of any action under section 7.12 of the Act which covers financial audits, supplementary audits and performance audits by the Auditor General.</p> <p>(b) Guide and assist the City in carrying out its functions under regulation 17 of the audit regulations and, in particular, monitor and advise the CEO when undertaking a review under regulation 17 (1) of the audit regulations or regulation 5 (2) of the financial management regulations, and review reports provided to the Committee by the CEO under regulation 17 (3) of the audit regulations and refer the results of its review to Council;</p> <p>(c) Support the City's auditors, both external (including the financial and performance audits conducted by the Office of the Auditor General) and internal when conducting an audit or carrying out other duties under the Act and associated regulations;</p> <p>(d) Perform any other function conferred on the Committee by these regulations or another written law.</p> <p>(e) In addition to the above functions, the Committee also has the following responsibilities:</p> <ul style="list-style-type: none"> • To review the scope of the Internal Audit plans and to consider their effectiveness; • Support the implementation of a risk management culture. Consider reports at least annually on the City's Risk Management Framework. <p>(f) May guide and assist the City in carrying out its functions under part 6 of the Act which deals with the annual budgeting process, financial accounting, and management and reporting of municipal and trust funds and the requirements for rates setting and land valuation general.</p> <p>(g) Review the quarterly performance reports of the Corporate Business Plan and annual reviews of the Corporate Strategies.</p>
Delegated Authority	Nil.
Meetings:	Committee meetings are to be in accordance with the <i>City of Bayswater Standing Orders Local Law 2021</i> .
Meeting Frequency:	The Committee shall meet at least quarterly**. ** <i>minimum annually under legislation</i>
Meeting Date and Time:	Quarterly or as required.
Location	City of Bayswater Civic Centre

Liaison Officer	Director Corporate and Strategy or nominated officer.
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7 CONFIRMATION OF MINUTES**COUNCIL RESOLUTION**

The Minutes of the Audit and Risk Management Committee held on 8 February 2022 which have been distributed, be confirmed as a true and correct record.

Cr Filomena Piffaretti, Mayor Moved, Cr Josh Eveson Seconded

CARRIED UNANIMOUSLY: 5/0

For: *Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Andrew Cox and Jillian Brazil.*

Against: *Nil.*

8 REPORTS**8.1 2020/21 Annual Financial Report**

Responsible Branch:	Financial Services
Responsible Directorate:	Corporate and Strategy
Authority/Discretion:	Legislative
Voting Requirement:	<i>ABSOLUTE MAJORITY REQUIRED</i>
Attachments:	<ol style="list-style-type: none"> 1. General Purpose Financial Statements for the year ended 30 June 2021 including the Independent Auditor's Report [8.1.1 - 73 pages] 2. CONFIDENTIAL - Annual Audit Management Letters with management comments [8.1.2 - 36 pages]
Refer:	

Confidential Attachment(s) in accordance with Section 5.23(2) of the Local Government Act 1995 (WA):

- (f) a matter that if disclosed, could be reasonable expected to -
- (ii) endanger the security of the local government's property.

SUMMARY

For Council to accept the audited General Purpose Financial Statements (Financial Statements), receive the Independent Auditor's Report for the year ended 30 June 2021 and to note the 2020/21 Annual Audit Management Letters including management comments.

In addition, for Council to resolve to schedule the Annual General Meeting (AGM) of Electors on 11 October 2022 or select an alternate date.

OFFICER'S RECOMMENDATION

That Council:

1. **Accepts the General Purpose Financial Statements for the year ended 30 June 2021, including the Independent Auditor's Report in Attachment 1.**
2. **Notes the 2020/21 Annual Audit Management Letters including management comments as contained in the confidential Attachment 2 to this report.**
3. **Resolves to hold the Annual General Meeting of Electors on 11 October 2022.**

Jillian Brazil Moved, Cr Giorgia Johnson Seconded

AMENDMENT

That the proposed date in limb 3 for the Annual General Meeting be changed to 7 November 2022.

Cr Filomena Piffaretti Moved

As the mover and seconder of the substantive motion accepted the amendment, it became part of the substantive motion.

COMMITTEE RECOMMENDATION TO COUNCIL

That Council:

1. **Accepts the General Purpose Financial Statements for the year ended 30 June 2021, including the Independent Auditor's Report in Attachment 1.**

2. Notes the 2020/21 Annual Audit Management Letters including management comments as contained in the confidential Attachment 2 to this report.
3. Resolves to hold the Annual General Meeting of Electors on 7 November 2022.

Jillian Brazil Moved, Cr Giorgia Johnson Seconded

CARRIED UNANIMOUSLY: 5/0

For: Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Andrew Cox and Jillian Brazil.

Against: Nil.

REASON FOR CHANGE

The date of the Annual General Meeting of Electors was moved to 7 November 2022 to hold it after the school holidays and ensure the availability of the Mayor to preside over the meeting.

BACKGROUND

The *Local Government Act 1995* (the Act) requires the City to prepare an Annual Report for each financial year. Section 5.54 of the Act requires that the Annual Report (which includes the Financial Statements for the year) be accepted by the local government no later than 31 December for the previous financial year.

Due to unexpected challenges with the audit of the 2020/21 accounts, the Annual Report including the financial statements could not be accepted by Council by 31 December 2021. The audit of the 2020/21 accounts was not completed until September 2022, however the City complied with legislation by providing a copy of the draft Annual Financial Statements to the Office of the Auditor General (OAG) by 30 September 2021. Council is required to accept the Financial Statements as per section 6.4 of the Act.

The Financial Statements include financial information about the City's 'Residential Aged Care' and 'Independent Living Units' (refer to Note 15 – Investment Property, Note 17 – Aged Persons Homes Liabilities and Note 42 for the divestments of these assets).

The Office of the Auditor General (OAG) signed off the City's 2020/21 Annual Financial Report on 2 September 2022 (Attachment 1) and has provided two Management Letters (Attachment 2) containing their recommendations following the conclusion of the end-of-year audit. The interim management letter relating to the 2020/21 Accounts was presented to the Audit and Risk Management Committee meeting on 16 November 2021.

EXTERNAL CONSULTATION

The OAG conducted the audit both onsite and offsite. During the audit process, there was regular communication between the City and the OAG.

On 23 December 2021, the OAG wrote to the City outlining the reason for the delays in signing off the City's 2020/21 Annual Financial Statements.

On 30 June 2022, the Mayor wrote to the OAG expressing her concern in relation to the on-going delays and acknowledged the challenges in relation to the 2020/21 audit. The OAG responded to this letter on 19 July 2022. The letter from OAG acknowledged the seriousness of the matter and thanked the Mayor and the City for their understanding in trying to resolve the challenges relating to the 2020/21 audit.

An audit exit meeting was held on 29 August 2022 with the Chair of the Audit and Risk Committee, representatives from the OAG and City officers were in attendance. The meeting covered the

matters arising from the audit which are outlined in the Management Letters in **Attachment 2**, the audit challenges and actions to be taken to improve the 2021/22 audit.

OFFICER'S COMMENTS

Financial Statements Overview

Attachment 1 provides the Financial Statements for the year ended 30 June 2021, including the Independent Auditor's Report to the ratepayers of the City of Bayswater. Following is an analysis of the City's performance when comparing actual results to the adopted budget.

For the financial year ended 30 June 2021, the City recorded a net result for the period of \$4,241,661 compared to the adopted budget loss of \$1,944,253 (refer to the Statement of Comprehensive Income). The unbudgeted increment of the revaluation outcome for the City's land and buildings of \$8,627,368 is the contributing factor to the total comprehensive income for the period of \$12,869,029.

The key factors contributed to the variances are summarised below:

Operating revenue

For the year operating revenue was \$76,934,458 compared to the budget of \$79,922,945 resulting in a decrease of \$2,988,487 (3.7%). This is mainly due to;

- the decrease in operating grants and reimbursements for projects such as Morley Drive Median and Maylands underground power revenue not received due to the project not proceeding as planned;
- crossover contributions lower than budget due to the demand for concrete driveways trending downwards against exposed aggregate driveways;
- the decrease in cash rate by the Reserve Bank due to a historic low in interest rates, and;
- the inclusion of Aged Persons Homes under the operating revenue budget rather than the Discontinued Operations budget category.

Operating expenses

For the year operating expenses were \$79,879,793 compared to the budget of \$87,346,147, a decrease of \$7,466,354 (8.5%). The majority of the decrease is largely due to some projects such as Maylands Brickworks - feasibility study and Bayswater Town Centre - Streetscape Concept Plan, Local Planning Strategy/Town Planning Scheme, Business Investment and Economic Growth Program, Emission Reduction Renewable Energy Plan, Tranby House Foreshore - Erosion design being carried forward to 2021/22. Maylands underground power project did not proceed as planned. However, this project was re-budgeted in the following year. Some community events such as Early Settlers, Perth Festival – River, Most Sustainable Street Award and etc. did not eventuate due to COVID restrictions. The operating expenses also include the Aged Persons Homes budget rather than being grouped under the Discontinued Operations budget category.

Employee costs were \$34,063,045 compared to the adopted budget of \$32,284,753. The adopted budget was prepared on the assumption the recreation facilities would be closed for 6 months due to COVID-19 restrictions. However, the facilities were able to re-open much earlier and as a result the budget was amended at the Ordinary Council Meeting on 23 February 2021.

The Financial Statements also include the ratios for the year which are:

	Ratio	2020/21	Benchmark	Outcome
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1	Current ratio or liquidity <i>Measures the ability to meet current commitments.</i>	1.27	> 1.00	Exceeded benchmark
2	Operating surplus ratio <i>Measure of Council's financial performance.</i>	(0.02)	> 0.01	Below benchmark
3	Debt service cover ratio <i>Measures capacity to meet annual debt commitments.</i>	181.39	> 2.00	Exceeded benchmark
4	Own source revenue coverage ratio <i>Ability to cover costs through Council's own revenue.</i>	0.94	> 0.40	Exceeded benchmark
5	Asset consumption ratio <i>Extent to which assets have been consumed.</i>	0.63	> 0.50	Exceeded benchmark
6	Asset sustainability ratio <i>Measures the extent to which assets are replaced at the end of their useful lives.</i>	1.78	0.90 to 1.10	Exceeded benchmark

The City has not reported the Asset Renewal Funding Ratio for 2021 and the comparative years in the annual financial report as required by regulation 50(1)(c) of the Local Government (Financial Management) Regulations 1996. The City will be able to report this ratio following the update of the Long-term Financial Plan and the completion of the remaining two asset management plans.

The Asset Management Strategy was approved by Council on 25 May 2021 and is supported by asset management plans.

With respect to the above ratios, with the exception of the Operating Surplus ratio, they indicate that the City maintains good standing on its financial position compared to the industry benchmarks. The trend for the net assets growth is decreasing mainly due to the impact of losses in asset revaluation over years.

Audit Findings

The 2020/21 audit identified seven financial, and twenty-two Information Systems audit findings, the details of these items, including Management's responses are outlined in **Attachment 2**. The City has responded accordingly and completed sixteen of the twenty-nine recommendations. The uncompleted recommendations will be recorded on the audit log and will be followed up and reported quarterly to the Audit and Risk Management Committee.

The audit findings relate to an outdated Long-Term Financial Plan, accounting and oversight of the City's aged care facilities and policy and procedure improvements.

Delayed Audit Sign-Off

As outlined above under external consultation, there was an exchange of letters between the City and the OAG in relation to the delay in audit sign-off. There were a number of reasons for the delay, however the two key reasons were complexity of the audit of the aged care segment and the implementation of the new AASB 1059: Service Concession Arrangement accounting standard.

Both the City and OAG are proactively working towards improvements and continue to experience a positive working relationship.

LEGISLATIVE COMPLIANCE

The Financial Statements have been prepared in accordance with all relevant statutory requirements, Australian Accounting Standards and Local Government (Financial Management) *Regulations 1996*.

Section 7.12 (3) of the *Local Government Act 1995* requires a local government to examine the report of the auditor and determine if any matters raised in the report require action to be taken.

Sections 5.27 (2) and section 5.29 of the *Local Government Act 1995* require the Annual General Meeting (AGM) of Electors is to be held within 56 days of Council accepting the Annual Report and at least 14 days local public notice must be given prior to holding the AGM.

RISK ASSESSMENT

In accordance with the City's Risk Management Framework, the Officer's recommendations have been assessed against the City's adopted risk tolerance. Comments are provided against each of the risk categories.

Officer's recommendation	That Council	
	<ol style="list-style-type: none"> 1. Accepts the General Purpose Financial Statements for the year ended 30 June 2021, including the Independent Auditor's Report in <u>Attachment 1</u>. 2. Notes the 2020/21 annual audit management letters including management comments in the confidential <u>Attachment 2</u> to this report. 3. Resolves to hold the Annual General Meeting of Electors on 11 October 2022. 	
Risk Category	Adopted Risk Appetite	Risk Assessment Outcome
Strategic Direction	Moderate	Low
Reputation	Low	Low
Governance	Low	Low
Community and Stakeholder	Moderate	Low
Financial Management	Low	Low
Environmental Responsibility	Low	Low
Service Delivery	Low	Low
Organisational Health and Safety	Low	Low
Conclusion	Council accepts the General Purpose Financial Statements for the year ended 30 June 2021, including the Independent Auditor's Report in Attachment 1 , notes the 2020/21 annual audit management letters including management comments as contained in Attachment 2 to this report and resolves to hold the Annual General Meeting of Electors on 11 October 2022.	

FINANCIAL IMPLICATIONS

There is a nominal cost in relation to the public notice for the Annual General Meeting of Electors.

STRATEGIC IMPLICATIONS

In accordance with the City of Bayswater Strategic Community Plan 2021-2031, the following applies:

Theme: Leadership and Governance

Goal L4: Communicate in a clear and transparent way.
Provide the community with useful information about Council's policies, services and events and advise the community of engagement outcomes.

CONCLUSION

The General Purpose Financial Statements for the year ended 30 June 2021, including the Independent Auditor's Report be accepted by Council, the Annual Audit Management Letters be noted and Annual General Meeting of Electors be held on 11 October 2022.



City of **Bayswater**

General Purpose Financial Statements for the year ended 30 June 2021

City of Bayswater Financial Report for the Year Ended 30 June 2021

Our Vision

A place where community vision becomes a reality.

Table of Contents

- Statement by Chief Executive Officer..... 3
- Statement of Comprehensive Income by Nature or Type 4
- Statement of Comprehensive Income by Program 5
- Statement of Financial Position 6
- Statement of Changes in Equity 7
- Statement of Cash Flows..... 8
- Rate Setting Statement..... 9
- Index of Notes to the Financial Report 10
- Independent Auditor’s Report 71

Principal Place of Business

City of Bayswater Civic Centre
61 Broun Avenue
Morley WA 6062

City of Bayswater 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 Bayswater 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 Bayswater 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, the Australian Accounting Standards.

Signed on the 29th day of August 2022



JEREMY EDWARDS
CHIEF EXECUTIVE OFFICER



City of Bayswater
Statement of Comprehensive Income
by Nature or Type
for the year ended 30 June 2021

	Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	32(a)	49,706,869	49,074,989	48,906,912
Operating grants, subsidies and contributions	2(a)	2,998,290	9,822,008	6,878,223
Fees and charges	2(a)	22,201,768	18,017,799	20,540,317
Interest earnings	2(a)	890,724	1,283,095	1,498,126
Other revenue	2(a)	1,136,807	1,725,054	1,018,682
		<u>76,934,458</u>	<u>79,922,945</u>	<u>78,842,260</u>
Expenses				
Employee costs		(34,063,045)	(32,105,030)	(32,284,753)
Materials and contracts		(29,242,119)	(30,683,301)	(25,387,262)
Utility charges		(3,509,739)	(3,381,265)	(3,287,784)
Depreciation on non-current assets	11(b)	(11,495,001)	(11,253,872)	(11,050,536)
Interest expenses	2(b)	(2,906)	(3,037)	(1,849)
Insurance expenses		(892,892)	(956,252)	(777,339)
Other expenditure	2(b)	(674,091)	(8,963,390)	(619,413)
		<u>(79,879,793)</u>	<u>(87,346,147)</u>	<u>(73,408,936)</u>
		(2,945,335)	(7,423,202)	5,433,324
Discontinued operations	42	853,443	0	1,013,065
Non-operating grants, subsidies and contributions	2(a)	5,147,025	5,810,926	1,607,382
Profit on asset disposals	11(a)	88,826	60,075	1,147
(Loss) on asset disposals	11(a)	(551,353)	(392,052)	(275,575)
Fair value adjustments to financial assets at fair value through profit or loss		6,464	0	2,882
Fair value adjustments to investment property	15	0	0	(101,000)
Share of net profit/(loss) of associates accounted for using the equity method	29	1,642,591	0	(2,438,930)
		<u>7,186,996</u>	<u>5,478,949</u>	<u>(191,029)</u>
		4,241,661	(1,944,253)	5,242,295
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	14	8,627,368	0	(18,547,920)
		<u>8,627,368</u>	<u>0</u>	<u>(18,547,920)</u>
		8,627,368	0	(18,547,920)
		12,869,029	(1,944,253)	(13,305,625)

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



City of Bayswater
Statement of Comprehensive Income
By Program
for the year ended 30 June 2021

	2021	2021	2020
Note	Actual	Budget	Actual
	\$	\$	\$
Revenue			
Governance	364,030	119,810	235,154
General purpose funding	53,096,704	51,259,722	53,104,325
Law, order, public safety	522,839	334,620	408,038
Health	301,753	288,202	357,099
Education and welfare	232,017	199,963	215,397
Housing	380,494	10,235,725	390,299
Community amenities	13,080,674	12,340,392	16,411,620
Recreation and culture	7,498,687	3,632,838	6,321,600
Transport	718,174	797,913	712,238
Economic services	592,523	597,189	436,421
Other property and services	146,563	116,571	250,069
	<u>76,934,458</u>	<u>79,922,945</u>	<u>78,842,260</u>
Expenses			
Governance	(6,387,827)	(6,189,640)	(6,220,517)
General purpose funding	(749,478)	(839,335)	(995,442)
Law, order, public safety	(3,405,140)	(3,338,805)	(3,079,384)
Health	(1,912,227)	(1,862,068)	(2,415,128)
Education and welfare	(1,814,570)	(2,104,891)	(1,816,240)
Housing	(105,752)	(9,070,773)	(94,298)
Community amenities	(18,450,604)	(18,079,431)	(15,859,052)
Recreation and culture	(29,351,132)	(28,076,213)	(26,074,987)
Transport	(16,206,308)	(16,122,305)	(15,543,803)
Economic services	(1,227,012)	(1,403,274)	(1,130,964)
Other property and services	(266,837)	(256,375)	(177,272)
	<u>(79,876,887)</u>	<u>(87,343,110)</u>	<u>(73,407,087)</u>
	2(b)		
Recreation and culture	(2,906)	(3,037)	(1,849)
	<u>(2,906)</u>	<u>(3,037)</u>	<u>(1,849)</u>
	<u>(2,945,335)</u>	<u>(7,423,202)</u>	<u>5,433,324</u>
Discontinued operations	42	853,443	0
Non-operating grants, subsidies and contributions	2(a)	5,147,025	5,810,926
Profit on disposal of assets	11(a)	88,826	60,075
(Loss) on disposal of assets	11(a)	(551,353)	(392,052)
Fair value adjustments to financial assets at fair value through profit or loss		6,464	0
Fair value adjustments to investment property	15	0	0
Share of net profit/(loss) of associates accounted for using the equity method	29	1,642,591	0
		<u>7,186,996</u>	<u>5,478,949</u>
		<u>4,241,661</u>	<u>(1,944,253)</u>
		<u>5,242,295</u>	
Net result for the period			
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in asset revaluation surplus	14	8,627,368	0
		<u>8,627,368</u>	<u>0</u>
Total other comprehensive income for the period			
Total comprehensive income for the period			
		<u>12,869,029</u>	<u>(1,944,253)</u>
		<u>13,305,625</u>	

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



City of Bayswater
Statement of Financial Position
for the year ended 30 June 2021

	Note	2021	Restated ¹ 2020	Restated ¹ 2019
		\$	\$	\$
Current Assets				
Cash and cash equivalents	3	9,655,305	19,486,335	19,569,417
Trade and other receivables	6	4,481,026	3,973,725	3,456,221
Other financial assets	5(a)	75,548,702	65,115,185	59,067,902
Inventories	7	149,661	161,739	141,945
Other assets	8	3,211,289	654,217	1,508,293
Total Current Assets		93,045,983	89,391,201	83,743,778
Non-Current Assets				
Trade and other receivables	6	2,552,591	2,155,921	2,567,976
Other financial assets	5(b)	185,847	184,488	186,390
Other assets	8	35,932,067	35,289,812	34,769,034
Investment in associate	29	33,869,872	33,926,600	36,365,530
Property, plant and equipment	9	454,928,519	452,621,034	484,079,136
Infrastructure	10	212,977,261	199,362,500	199,823,408
Investment property	15	8,099,000	8,099,000	7,370,000
Intangible assets	13	667,406	812,146	0
Right-of-use assets	12	95,139	146,209	0
Total Non-Current Assets		749,307,702	732,597,710	765,161,474
Total Assets		842,353,685	821,988,911	848,905,252
Current Liabilities				
Trade and other payables	16	12,715,921	9,197,620	7,119,187
Aged Persons Homes liabilities	17	20,923,512	21,280,324	23,381,081
Contract and grant liabilities	18	4,449,864	472,006	0
Deferred lease liability	19	32,969	32,969	0
Lease liabilities	20(a)	35,037	50,216	0
Borrowings	21(a)	5,106	4,785	4,484
Employee related provisions	22	6,998,095	6,457,539	6,288,760
Total Current Liabilities		45,160,504	37,495,459	36,793,512
Non-Current Liabilities				
Lease liabilities	20(a)	61,287	96,354	0
Deferred lease liability	19	3,156,752	3,189,720	3,243,501
Borrowings	21(a)	1,329	6,435	11,219
Employee related provisions	22	323,664	419,823	353,362
Total Non-Current Liabilities		3,543,032	3,712,332	3,608,082
Total Liabilities		48,703,536	41,207,791	40,401,594
Net Assets		793,650,149	780,781,120	808,503,658
Equity				
Retained surplus		251,378,117	239,031,167	249,116,759
Reserves – cash/financial asset backed	4	39,560,227	46,017,037	43,082,828
Revaluation surplus	14	502,711,805	495,732,916	516,304,071
Total Equity		793,650,149	780,781,120	808,503,658

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

¹ Comparative figures have been restated for a prior period error. Refer to Note 37.



City of Bayswater
Statement of Changes in Equity
for the year ended 30 June 2021

Note	Retained Surplus	Reserves Cash/ Financial Asset Backed	Revaluation Surplus	Total Equity
	\$	\$	\$	\$
Balance as at 30 June 2019	249,116,759	43,082,828	516,304,071	808,503,658
Initial application	(1,936,914)	0	0	(1,936,914)
Change in accounting policy	(10,605,500)	0	(1,874,500)	(12,480,000)
Restated total equity as at 1 July 2019	236,574,345	43,082,828	514,429,571	794,086,744
Comprehensive income				
Net result for the period (restated)	5,242,295	0	0	5,242,295
Other comprehensive income	14 0	0	(18,547,920)	(18,547,920)
Total comprehensive income	5,242,295	0	(18,547,920)	(13,305,625)
Disposal writeback				
Disposal writeback	14 148,736	0	(148,736)	0
Transfers from reserves	4 1,994,613	(1,994,613)	0	0
Transfers to reserves	4 (4,928,822)	4,928,822	0	0
Balance as at 30 June 2020	239,031,167	46,017,037	495,732,916	780,781,120
Comprehensive income				
Net result for the period	4,241,661	0	0	4,241,661
Other comprehensive income	14 0	0	8,627,368	8,627,368
Total comprehensive income	4,241,661	0	8,627,368	12,869,029
Disposal writeback				
Disposal writeback	14 1,648,479	0	(1,648,479)	0
Transfers from reserves	4 9,546,365	(9,546,365)	0	0
Transfers to reserves	4 (3,089,555)	3,089,555	0	0
Balance as at 30 June 2021	251,378,117	39,560,227	502,711,805	793,650,149

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

City of Bayswater
Statement of Cash Flows
for the year ended 30 June 2021

	2021	2021	Restated ¹
Note	Actual	Budget	2020
	\$	\$	\$
Cash Flows from Operating Activities			
Receipts			
Rates	49,441,958	48,650,000	48,283,937
Operating grants, subsidies and contributions	3,943,466	10,032,736	6,587,641
Fees and charges	21,821,275	18,017,799	20,180,067
Interest received	890,724	1,283,095	1,498,126
Goods and services tax received	3,519,111	3,250,000	2,975,650
Other revenue	1,711,833	1,725,054	1,018,682
	<u>81,328,367</u>	<u>82,958,684</u>	<u>80,544,103</u>
Payments			
Employee costs	(33,613,479)	(32,105,030)	(32,049,513)
Materials and contracts	(29,106,338)	(30,583,301)	(25,687,307)
Utility charges	(3,509,739)	(3,381,265)	(3,287,784)
Interest expenses	(2,906)	(3,037)	(1,849)
Insurance paid	(892,892)	(956,252)	(777,339)
Goods and services tax paid	(3,659,299)	(3,620,000)	(3,011,009)
Other expenditure	(674,091)	(8,963,390)	(619,413)
	<u>(71,458,744)</u>	<u>(79,612,275)</u>	<u>(65,434,214)</u>
Discontinued Operations	853,443	0	1,013,065
Net cash provided by (used in) operating activities	23 10,723,066	3,346,409	16,122,954
Cash Flows from Investing Activities			
Payments for financial assets at amortised cost	(10,433,197)	0	(6,046,982)
Payments for assets held for sale	(295,755)	0	(520,778)
Payments for purchase of property, plant & equipment	9(a) (9,117,138)	(15,016,582)	(5,262,907)
Payments for construction of infrastructure	10(a) (11,164,257)	(15,228,272)	(5,950,860)
Payments for intangible assets	13 (195,908)	(442,598)	(407,396)
Non-operating grants, subsidies and contributions	8,550,652	5,810,926	1,607,382
Proceeds from financial assets at amortised cost - self-supporting loans	4,785	4,785	4,483
Proceeds from sale of property, plant & equipment	11(a) 2,157,078	520,000	390,893
Net cash provided by (used in) investment activities	<u>(20,493,740)</u>	<u>(24,351,741)</u>	<u>(16,186,165)</u>
Cash Flows from Financing Activities			
Repayment of borrowings	21(b) (4,785)	(4,785)	(4,483)
Payments for principal portion of lease liabilities	20(b) (55,571)	0	(15,388)
Net cash provided by (used in) financing activities	<u>(60,356)</u>	<u>(4,785)</u>	<u>(19,871)</u>
Net increase (decrease) in cash held	(9,831,030)	(21,010,117)	(83,082)
Cash at beginning of year	19,486,335	81,565,515	19,569,417
Cash and cash equivalents at the end of the year	23 <u>9,655,305</u>	<u>60,555,398</u>	<u>19,486,335</u>

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

¹ Comparative figures have been restated for a prior period error. Refer to Note 37.

City of Bayswater
Rate Setting Statement
for the year ended 30 June 2021

	Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating Activities				
Net current assets at start of financial year - surplus/(deficit)	33 (b)	14,872,705	9,370,740	11,192,222
		14,872,705	9,370,740	11,192,222
Revenue from operating activities (excluding rates)				
Governance		364,030	119,810	235,154
General purpose funding		3,389,835	2,184,733	4,197,413
Law, order, public safety		522,839	334,620	408,038
Health		301,753	288,202	357,099
Education and welfare		232,017	199,963	215,397
Housing		380,494	10,235,725	390,299
Community amenities		13,138,954	12,340,392	16,411,620
Recreation and culture		7,498,687	3,632,838	6,321,600
Transport		718,174	857,988	712,238
Economic services		592,523	597,189	436,421
Other property and services		1,826,164	116,571	254,098
		28,965,470	30,908,031	29,939,377
Expenditure from operating activities				
Governance		(6,387,827)	(6,189,640)	(6,220,517)
General purpose funding		(749,478)	(839,335)	(995,442)
Law, order, public safety		(3,405,140)	(3,338,805)	(3,079,384)
Health		(1,912,227)	(1,862,068)	(2,415,128)
Education and welfare		(1,814,570)	(2,104,891)	(1,816,240)
Housing		(105,752)	(9,070,773)	(195,298)
Community amenities		(18,687,214)	(18,079,431)	(15,859,052)
Recreation and culture		(29,467,986)	(28,079,250)	(26,085,926)
Transport		(16,207,532)	(16,514,357)	(15,559,803)
Economic services		(1,227,012)	(1,403,274)	(1,130,964)
Other property and services		(466,408)	(256,375)	(2,866,687)
		(80,431,146)	(87,738,199)	(76,224,441)
Discontinued Operations	42	853,443	0	1,013,065
Non-cash amounts excluded from operating activities	33(a)	10,795,962	11,335,849	13,138,834
Amount attributable to operating activities		(24,943,566)	(36,123,579)	(20,940,943)
Investing Activities				
Non-operating grants, subsidies and contributions	2(a)	5,147,025	5,810,926	1,607,382
Proceeds from disposal of assets	11(a)	2,157,078	520,000	390,893
Proceeds from financial assets at amortised cost - self-supporting loans		4,785	4,785	4,483
Purchase of property, plant and equipment	9(a)	(9,117,138)	(15,016,582)	(5,262,908)
Purchase and construction of infrastructure	10(a)	(11,164,257)	(15,228,272)	(5,950,860)
Purchase of assets held for sale	8	(295,755)	0	(520,778)
Payments for intangible assets	13	(195,908)	(442,598)	(407,396)
Amount attributable to investing activities		(13,464,170)	(24,351,741)	(10,139,184)
Financing Activities				
Repayment of borrowings	21(b)	(4,785)	(4,785)	(4,483)
Payments for principal portion of lease liabilities	20(b)	(55,571)	0	(15,388)
Transfers to reserves (restricted assets)	4	(3,089,555)	(1,864,964)	(4,928,822)
Transfers from reserves (restricted assets)	4	9,546,365	16,115,318	1,994,613
Amount attributable to financing activities		6,396,454	14,245,569	(2,954,080)
Surplus/(deficit) before imposition of general rates		(32,011,282)	(46,229,751)	(34,034,207)
Total amount raised from general rates	32(a)	49,706,869	49,074,989	48,906,912
Surplus/(deficit) after imposition of general rates	33(b)	17,695,587	2,845,238	14,872,705

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

City of Bayswater

Index of Notes to the Financial Report for the year ended 30 June 2021

Note 1	Basis of Preparation	11
Note 2	Revenue and Expenses.....	12
Note 3	Cash and Cash Equivalents	18
Note 4	Reserves – Cash/Financial Asset Backed.....	19
Note 5	Other Financial Assets.....	23
Note 6	Trade and Other Receivables.....	24
Note 7	Inventories	25
Note 8	Other Assets	26
Note 9	Property, Plant and Equipment.....	27
Note 10	Infrastructure.....	29
Note 11	Fixed Assets	31
Note 12	Leases	37
Note 13	Intangible Assets	38
Note 14	Revaluation Surplus.....	39
Note 15	Investment Property.....	41
Note 16	Trade and Other Payables.....	42
Note 17	Aged Person Homes Liabilities	42
Note 18	Contract and Grant Liabilities	43
Note 19	Deferred Lease Liability.....	43
Note 20	Lease Liabilities	44
Note 21	Information on Borrowings.....	45
Note 22	Employee Related Provisions.....	47
Note 23	Notes to the Statement of Cash Flows	49
Note 24	Total Assets Classified by Function and Activity	50
Note 25	Contingent Liabilities.....	50
Note 26	Capital Commitments	51
Note 27	Elected Members Remuneration	52
Note 28	Related Party Transactions	54
Note 29	Investments in Associate	55
Note 30	Major Land Transactions	56
Note 31	Trading Undertakings and Major Trading Undertakings.....	56
Note 32	Rating Information	57
Note 33	Rate Setting Statement Information	60
Note 34	Financial Risk Management	61
Note 35	Events Occurring After the End of the Reporting Period.....	63
Note 36	Initial Application of Australian Accounting Standards	63
Note 37	Correction of Error	64
Note 38	Trust Funds.....	64
Note 39	Other Significant Accounting Policies.....	65
Note 40	Activities/Programs	68
Note 41	Financial Ratios	69
Note 42	Discontinued Operations	70

City of Bayswater

Notes to and forming part of the Financial Report for the year ended 30 June 2021

1. Basis of Preparation

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

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

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

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

The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 38 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: Grants*
- *AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Materiality*

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

New Accounting Standards for Application in Future Years

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

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

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

Critical Accounting Estimates

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

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

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

2. Revenue and Expenses

Revenue Recognition Policy

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

Revenue Category	Nature of Goods and Services	Timing of revenue recognition from 1 July 2019
Rates	<ul style="list-style-type: none"> General Rates 	When rates notice is issued.
Grants, subsidies or contributions	<ul style="list-style-type: none"> Community events, minor facilities, research, design, planning evaluation and services. General appropriations and contributions with no reciprocal commitment. 	<p>Income from grants that are enforceable and with sufficiently specific performance obligations is recognised when the City satisfies its obligations in the grant agreement.</p> <p>Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the City has an unconditional right to receive cash which usually coincides with receipt of cash.</p>
Non-operating grants, subsidies and contributions	<ul style="list-style-type: none"> Construction or acquisition of recognisable non-financial assets to be controlled by the local government. 	Capital grants are recognised as income when the City satisfies its obligations in the grant agreement.
Fees and charges	<ul style="list-style-type: none"> Building, planning, development and animal management, having the same nature as a licence regardless of naming. Compliance safety check. Regulatory food, health and safety. Kerbside collection service. Waste treatment, recycling and disposal service at disposal sites. Gym and pool memberships. Library fees, reinstatements and private works. Fines issued for breaches of local laws. 	At a point in time (or over a relatively short period of time) when the services have been provided and payments are received.
Other Revenue	<ul style="list-style-type: none"> Commissions on art sales and vending machines. Insurance claims and other reimbursements. 	At a point in time when the goods have been transferred and payments are received, or upon receipt of funds.

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

2. Revenue and Expenses (Continued)

(a) Grant revenue

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

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	5,522	2,860	2,882
General purpose funding	2,268,709	1,156,986	2,376,400
Law, order, public safety	84,187	65,970	46,220
Health	50,161	79,010	100,052
Education and welfare	17,540	1,000	1,000
Housing	0	7,953,593	0
Community amenities	294,140	83,251	3,982,016
Recreation and culture	37,373	23,000	78,458
Transport	174,436	278,713	232,910
Economic services	2,037	122,860	1,276
Other property and services	64,185	54,765	57,009
	2,998,290	9,822,008	6,878,223
Non-operating grants, subsidies and contributions			
Governance	0	5,000	360
Law, order, public safety	0	0	231,106
Community amenities	188,380	66,420	393,727
Recreation and culture	3,228,396	3,926,334	93,281
Transport	1,730,249	1,813,172	888,908
	5,147,025	5,810,926	1,607,382
	8,145,315	15,632,934	8,485,605
Total grants, subsidies and contributions			
Fees and charges			
Governance	61,912	36,950	37,671
General purpose funding	46,000	27,720	150,994
Law, order, public safety	438,405	248,650	342,258
Health	227,057	209,192	257,002
Education and welfare	72,736	59,672	82,759
Housing	380,494	675,162	390,249
Community amenities	12,626,815	12,235,641	12,373,433
Recreation and culture	7,237,668	3,601,835	5,923,624
Transport	527,398	453,200	459,472
Economic services	581,288	469,329	428,474
Other property and services	1,995	448	94,381
	22,201,768	18,017,799	20,540,317

There were some waivers and concessions given to certain fees and charges for COVID-19 pandemic relief during the year.

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

- 2. Revenue and Expenses (Continued)
- (a) Grant revenue (Continued)

Significant Accounting Policies

Grants, subsidies and contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that relate to the main operating activities of the City.

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

Fees and Charges

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

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

2. Revenue and Expenses (Continued)

(a) Revenue (Continued)

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$

Contracts with customers and transfers for recognisable non-financial assets

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

Operating grants, subsidies and contributions	2,998,290	9,822,008	6,878,223
Fees and charges	22,201,768	18,017,799	20,540,317
Other revenue	1,136,807	1,725,054	1,018,682
Non-operating grants, subsidies and contributions	5,147,025	5,810,926	1,607,382
	31,483,890	35,375,787	30,044,604

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City is comprised of:

Revenue from contracts with customers included as a contract liability at the start of the period	76,472	0	133,630
Revenue from contracts with customers recognised during the year	26,260,393	29,564,861	28,437,222
Revenue from transfers intended for acquiring or constructing recognisable non-financial assets held as a liability at the start of the period	395,534	0	866,408
Revenue from transfers intended for acquiring or constructing recognisable non-financial assets during the year	4,751,491	5,810,926	607,344
	31,483,890	35,375,787	30,044,604

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

Trade and other receivables from contracts with customers	1,074,222	0	1,062,144
Contract liabilities from contracts with customers	(70,508)	0	(76,472)
Grant liabilities from transfers for recognisable non-financial assets	(3,804,330)	0	(395,534)

- 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.
- Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.
- Consideration from contracts with customers is included in the transaction price.
- Performance obligations in relation to contract liabilities from transfers for recognisable non-financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

2. Revenue and Expenses (Continued)

(a) Revenue (Continued)

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Revenue from statutory requirements			
<i>Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:</i>			
General rates	49,706,869	49,074,989	48,906,912
	49,706,869	49,074,989	48,906,912
Other revenue			
Reimbursements and recoveries	777,201	389,749	809,312
Aged Persons Homes	0	1,304,598	0
Other	359,606	30,707	209,370
	1,136,807	1,725,054	1,018,682
Interest earnings			
Financial assets at amortised cost - self-supporting loans	609	696	1,010
Interest on reserve funds	186,563	430,719	456,199
Rates instalment and penalty interest (refer Note 32(b))	471,861	329,500	389,655
Other interest earnings	231,691	522,180	651,262
	890,724	1,283,095	1,498,126

Significant Accounting Policies

Interest Earnings

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

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

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

2. Revenue and Expenses (Continued)

(b) Expenses

	2021	2021	2020
Note	Actual	Budget	Actual
	\$	\$	\$
Auditors remuneration			
Audit of the Annual Financial Report	60,000	61,350	50,000
Internal Audit	56,370	35,000	15,800
Audit of Grants, Deferred Rates, Prudential Compliance etc.	0	9,363	11,300
	116,370	105,713	77,100
Interest expenses (finance costs)			
Borrowings	21(b) 623	696	1,010
Lease liabilities	20(b) 2,283	2,341	839
	2,906	3,037	1,849
Other expenditure			
Sundry expenses	674,091	8,963,390	619,413
	674,091	8,963,390	619,413

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

3. Cash and Cash Equivalents

	Note	2021	Restated 2020
		\$	\$
Cash at bank and on hand		7,109,726	7,482,483
Term deposits		2,545,579	12,003,852
Total cash and cash equivalents		<u>9,655,305</u>	<u>19,486,335</u>

Restrictions

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

- Financial assets at amortised cost		43,435,065	46,489,043
		<u>43,435,065</u>	<u>46,489,043</u>

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

Reserves – cash/financial asset backed	4	39,560,227	46,017,037
Contract liabilities from contracts with customers	18	70,508	76,472
Grants for transfers for recognisable non-financial assets	18	3,804,330	395,534
Total restricted assets		<u>43,435,065</u>	<u>46,489,043</u>

Significant Accounting Policies

Cash and Cash Equivalents

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

Restricted Assets

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions.

Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

4. Reserves – Cash/Financial Asset Backed

The following assets are budgeted to be acquired during the year.

	2020/21				2020/21				2019/20				
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Actual	Actual	Actual	Transfer	Actual
	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Between Reserves	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Aged Persons Homes - General	15,667,801	1,401,399	(689,507)	16,379,693	14,682,112	1,360,011	(1,404,415)	14,637,708	15,595,609	273,545	(201,353)	0	15,667,801
(b) Aged Persons Homes - Prudential Requirements	2,678,354	226,291	0	2,904,645	2,678,179	206,826	0	2,885,005	2,629,367	48,987	0	0	2,678,354
(c) Bayswater Bowling Club - Capital Improvements	10,242	73	0	10,315	10,238	182	0	10,420	10,063	179	0	0	10,242
(d) Bayswater Tennis Club	159,553	1,121	(22,425)	138,249	159,481	2,438	(22,500)	139,419	156,759	2,794	0	0	159,553
(e) Bayswater Waves Aquatic Centre	778,039	5,152	(354,958)	428,233	780,509	3,573	(579,812)	204,270	86,724	704,455	(13,140)	0	778,039
(f) Bore and Reticulation	169,540	377	(160,000)	9,917	169,464	168	(160,000)	9,632	659,389	11,273	0	(501,122)	169,540
(g) Building Furniture and Equipment	172,370	1,208	(29,121)	144,457	172,292	2,504	(31,600)	143,196	670,397	11,461	0	(509,488)	172,370
(h) Cash in Lieu - Public Open Space	0	575,026	0	575,026	0	0	0	0	0	0	0	0	0
(i) City Buildings and Amenities	1,567,079	10,221	(739,254)	838,046	1,503,233	8,446	(1,028,700)	482,979	1,971,399	33,981	(438,301)	0	1,567,079
(j) Civic Centre	153,298	863	(90,721)	63,440	153,229	761	(110,400)	43,590	596,219	10,193	0	(453,114)	153,298
(k) Economic Stimulus	7,241,977	47,865	(2,519,196)	4,770,646	7,952,471	46,163	(5,359,062)	2,639,572	0	7,594	(714,067)	7,948,450	7,241,977
(l) Eric Singleton Bird Sanctuary	1,213,691	8,565	0	1,222,256	1,213,145	21,594	0	1,234,739	1,192,439	21,252	0	0	1,213,691
(m) Footpath and Cycleway	84,708	599	0	85,307	84,670	82	(80,000)	4,752	329,457	5,632	0	(250,381)	84,708
(n) General Waste Management	28,171	199	0	28,370	28,159	501	0	28,660	27,678	493	0	0	28,171
(o) Golf Courses	1,699,343	11,741	(208,994)	1,502,090	1,698,580	24,823	(304,000)	1,419,403	1,088,932	610,411	0	0	1,699,343
(p) Information Technology	801,280	4,746	(530,732)	275,294	800,920	50,030	(849,312)	1,638	392,454	408,826	0	0	801,280
(q) Landfill Restoration	429,584	3,018	(48,594)	384,008	432,224	6,277	(150,000)	288,501	458,350	8,039	(36,805)	0	429,584
(r) Les Hansman Centre Development	5,133,416	737,126	(1,541,751)	4,328,791	5,131,110	39,713	(2,900,000)	2,270,823	5,043,531	89,885	0	0	5,133,416
(s) Long Service Leave and Entitlements	1,561,327	11,019	0	1,572,346	1,560,625	27,779	0	1,588,404	1,533,988	27,339	0	0	1,561,327
(t) Major Capital Works	1,263,060	7,621	(628,743)	641,938	1,293,915	13,593	(530,321)	777,187	3,994,987	1,253,841	(121,189)	(3,864,579)	1,263,060

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

4. Reserves – Cash/Financial Asset Backed (Continued)

	2020/21				2020/21				2019/20				
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Actual	Actual	Actual	Transfer	Actual
	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Between Reserves	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(u) Maylands Lakes	4,683	33	0	4,716	4,681	82	0	4,763	128,306	1,377	(125,000)	0	4,683
(v) Maylands Waterland	425,513	3,003	0	428,516	425,322	7,572	0	432,894	59,622	365,891	0	0	425,513
(w) Morley City Centre	606,845	4,262	(70,000)	541,107	606,572	9,018	(70,000)	545,590	596,219	10,626	0	0	606,845
(x) Morley Sport and Recreation Centre	521,506	3,642	(23,439)	501,709	521,257	9,279	(30,000)	500,536	596,219	10,258	(84,971)	0	521,506
(y) Noranda Netball Courts	615,126	4,183	(550,000)	69,309	614,850	1,153	(550,000)	66,003	0	615,126	0	0	615,126
(z) Plant and Works Equipment	128,497	248	(126,000)	2,745	128,439	42	(126,000)	2,481	202,054	307,250	0	(380,807)	128,497
(aa) Playground and Parks	437,157	2,870	(378,037)	61,990	436,960	568	(405,000)	32,528	1,700,231	29,067	0	(1,292,141)	437,157
(ab) River Restoration	129,599	870	0	130,469	334,030	3,810	(120,000)	217,840	363,202	6,397	(240,000)	0	129,599
(ac) Roads and Drainage	131,923	933	(120,000)	12,856	131,863	212	(120,000)	12,075	513,086	8,772	0	(389,935)	131,923
(ad) Senior Citizens Buildings	91,979	629	(67,105)	25,503	91,937	105	(86,000)	6,042	357,731	6,116	0	(271,868)	91,979
(ae) Strategic Land Acquisition	11,846	83	0	11,929	11,840	212	0	12,052	46,073	788	0	(35,015)	11,846
(af) Streetscapes	698,329	4,785	(314,125)	388,989	683,065	3,258	(500,000)	186,323	705,293	12,434	(19,398)	0	698,329
(ag) Sustainable Environment	172,926	1,221	(96,847)	77,300	167,615	483	(140,436)	27,662	170,282	3,033	(389)	0	172,926
(ah) The RISE	606,845	4,177	(236,816)	374,206	606,572	2,649	(457,760)	151,461	596,219	10,626	0	0	606,845
(ai) Workers Compensation	621,430	4,386	0	625,816	621,151	11,057	0	632,208	610,549	10,881	0	0	621,430
	46,017,037	3,089,555	(9,546,365)	39,560,227	45,890,710	1,864,964	(16,115,318)	31,640,356	43,082,828	4,928,822	(1,994,613)	0	46,017,037

All reserves are supported by cash and cash equivalents/financial asset and are restricted within equity as Reserves – cash/financial asset backed.

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

4. Reserves – Cash/Financial Asset Backed (Continued)

In accordance with Council resolutions in relation to each reserve account, the purpose for which reserves are set aside are as follows:

	Reserve Name	Anticipated Date of Use	Purpose of the Reserve
(a)	Aged Persons Homes - General	Ongoing	This reserve restricts funds held for the Independent Living Units and Residential Care Facilities owned and controlled by the City. These funds are managed in accordance with the relevant statutory requirements and policies.
(b)	Aged Persons Homes - Prudential Requirements	Ongoing	To provide a cash-backed prudential reserve to meet the accommodation obligations for Residential Care Facilities and Independent Living Units.
(c)	Bayswater Bowling Club - Capital Improvements	Ongoing	To set aside funds for the future development of the Bayswater Bowling Club.
(d)	Bayswater Tennis Club	Ongoing	To set aside funds for the future development of the Bayswater Tennis Club.
(e)	Bayswater Waves Aquatic Centre	Ongoing	To fund asset management requirements of the Bayswater Waves Aquatic Centre.
(f)	Bore and Reticulation	Ongoing	For the installation of new bores and reticulation, and the replacement of old bore and reticulation systems, due to wear and tear.
(g)	Building Furniture and Equipment	Ongoing	To provide a cash-backed reserve for the purpose of furniture and equipment required in Council's buildings.
(h)	Cash in Lieu - Public Open Space	Ongoing	To set aside cash in lieu funds received under section 154 of the Planning and Development Act 2005 for the funding of eligible public open space development projects.
(i)	City Buildings and Amenities	Ongoing	For the purpose of preserving and renewing Council's buildings.
(j)	Civic Centre	Ongoing	To make provision for the asset management needs of the Civic Centre.
(k)	Economic Stimulus	Ongoing	To fund employment-generating projects for the benefit of the community.
(l)	Eric Singleton Bird Sanctuary	Ongoing	To set aside funds for the asset management requirements of the Eric Singleton Bird Sanctuary.
(m)	Footpaths and Cycleways	Ongoing	To set aside funds for the asset management requirements of the City's footpath and cycleways infrastructure.
(n)	General Waste Management	Ongoing	To set aside funds for the future development of waste management.
(o)	Golf Courses	Ongoing	To set aside funds for the asset management requirements of the City's golf courses.
(p)	Information Technology	Ongoing	To provide for the maintenance of the City's information technology requirements including general computer replacements.
(q)	Landfill Restoration	Ongoing	To provide funding for the review and any restoration requirements of the Swan River Foreshore.

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

4. Reserves – Cash/Financial Asset Backed (Continued)

In accordance with Council resolutions in relation to each reserve account, the purpose for which reserves are set aside are as follows:

Reserve Name	Anticipated Date of Use	Purpose of the Reserve
(r) Les Hansman Centre Development	Ongoing	To set aside funds for the redevelopment of the Les Hansman Community Centre.
(s) Long Service Leave and Entitlements	Ongoing	To provide for the payment to employees of Long Service Leave and other approved entitlements.
(t) Major Capital Works	Ongoing	To finance the cost of major capital works programs as approved by Council.
(u) Maylands Lakes	Ongoing	To fund asset preservation and environmental requirements for Maylands Lakes.
(v) Maylands Waterland	Ongoing	To fund asset management requirements of the Maylands Waterland facility.
(w) Morley City Centre	Ongoing	To provide funds for the future development of the Morley City Centre.
(x) Morley Sport and Recreation Centre	Ongoing	To set aside funds for the asset management requirements of the Morley Sport and Recreation Centre.
(y) Noranda Netball Courts	Ongoing	Funds set aside for the asset management requirements of the Noranda Netball Courts.
(z) Plants and Works Equipment	Ongoing	To fund the cost of acquiring plant and equipment needed to provide for the day-to-day operational requirements of the City.
(aa) Playground and Parks	Ongoing	To set aside funds for the asset management requirements of the City's playground and parks infrastructure.
(ab) River Restoration	Ongoing	To set aside funds for the restoration of the river.
(ac) Roads and Drainage	Ongoing	To set aside funds for the asset management requirements of the City's road and drainage infrastructure.
(ad) Senior Citizens Building	Ongoing	To set aside funds for the asset management requirements of the City's senior citizens centres.
(ae) Strategic Land Acquisition	Ongoing	To provide funds for future land acquisition.
(af) Streetscapes	Ongoing	To provide for the renewal of urban streetscapes.
(ag) Sustainable Environment	Ongoing	To provide funding for strategic environmental projects such as foreshore rehabilitation and the Eric Singleton Bird Sanctuary.
(ah) The RISE	Ongoing	To fund asset management requirements of The RISE.
(ai) Workers Compensation	Ongoing	To finance Workers' Compensation costs in excess of premium deposits.
(aj) Bus Shelters *	Ongoing	To set aside income received from illuminated advertising on bus shelters for the asset management requirements of bus shelters.
(ak) Crimea Park and Surrounds *	Ongoing	To set aside income received from the telephone tower at Crimea Park for initiatives that improve the amenity of Crimea Park and the surrounding area.
(al) FOGO – (Waste Services) Reserve *	Ongoing	To assist and support the implementation of a FOGO – Waste Services for residents.

* There are no closing balances for Bus Shelters, Crimea park and Surrounds and FOGO – (Waste Services) Reserves.

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

5. Other Financial Assets

	2021	Restated 2020
	\$	\$
(a) Current assets		
Financial assets at amortised cost	75,548,702	65,115,185
	<u>75,548,702</u>	<u>65,115,185</u>
Other financial assets at amortised cost		
Term deposits	75,543,596	65,110,400
Self-supporting loans	5,106	4,785
	<u>75,548,702</u>	<u>65,115,185</u>
(b) Non-current assets		
Financial assets at amortised cost	1,330	6,435
Financial assets at fair value through profit and loss	184,517	178,053
	<u>185,847</u>	<u>184,488</u>
Financial assets at amortised cost		
Self supporting loans	1,330	6,435
	<u>1,330</u>	<u>6,435</u>
Financial assets at fair value through profit and loss		
Units in Local Government House Trust	184,517	178,053
	<u>184,517</u>	<u>178,053</u>

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 21(b) as self-supporting loans.

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 34.

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

6. Trade and Other Receivables

	2021	2020
	\$	\$
Current		
Rates receivable	2,693,927	2,327,435
Trade and other receivables	1,074,222	1,062,144
GST receivable	712,877	584,146
	<u>4,481,026</u>	<u>3,973,725</u>
Non-current		
Pensioner's rates and ESL deferred	794,163	750,073
Other receivables	206,496	201,441
Deferred lease receivables - Mertome	1,551,932	1,204,407
	<u>2,552,591</u>	<u>2,155,921</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 34.

Classification and subsequent measurement

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

Trade receivables are held with the objective to collect the contractual cashflows and subsequently 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. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

7. Inventories

	2021	2020
	\$	\$
Current		
Inventories	149,661	161,739
	149,661	161,739

The following movements in inventories occurred during the year:

Carrying amount at beginning of period	161,739	141,945
Additions/(deductions) to inventories	(12,078)	19,794
Carrying amount at end of period	149,661	161,739

Significant Accounting Policies

General

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

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

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

8. Other Assets

	2021	2020
	\$	\$
Current		
Prepayments	89,458	96,385
Accrued income	3,121,831	557,832
	<u>3,211,289</u>	<u>654,217</u>
Non-current		
Prepayments	346,500	0
Assets held for sale	35,585,567	35,289,812
	<u>35,932,067</u>	<u>35,289,812</u>

Land and buildings classified as held for sale

Assets held for sale consist of aged care assets which the City is currently working toward divesting from. Refer to Note 42 - Discontinued Operations.

Significant Accounting Policies

Other Current Assets

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

Non-Current Assets Held for Sale

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

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

The fair value of land and buildings was determined using the sales comparison approach using comparable properties in the area. This is a level 2 measurement as per the fair value hierarchy set out in Note 9(b).

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

9. Property, Plant and Equipment

(a) Movements in Balances

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

	Land	Buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Work-in-progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	316,769,499	144,787,688	461,557,187	3,690,793	6,351,155	0	471,599,135
Additions	264,550	2,044,745	2,309,295	905,265	1,958,755	89,593	5,262,908
(Disposals)	(16,000)	(103,967)	(119,967)	0	(545,354)	0	(665,321)
Revaluation increments / (decrements) transferred to revaluation surplus	(11,688,349)	(6,859,570)	(18,547,919)	0	0	0	(18,547,919)
Depreciation (expense)	0	(2,737,907)	(2,737,907)	(1,186,491)	(468,183)	0	(4,392,581)
Transfers	0	0	0	(635,188)	0	0	(635,188)
Balance at 30 June 2020	305,329,700	137,130,989	442,460,689	2,774,379	7,296,373	89,593	452,621,034
Comprises:							
Gross balance amount at 30 June 2020	305,329,700	188,413,569	493,743,269	7,192,278	7,744,093	89,593	508,769,233
Accumulated depreciation at 30 June 2020	0	(51,282,580)	(51,282,580)	(4,417,899)	(447,720)	0	(56,148,199)
Balance at 30 June 2020	305,329,700	137,130,989	442,460,689	2,774,379	7,296,373	89,593	452,621,034
Additions	0	3,022,854	3,022,854	1,415,156	1,633,433	3,045,695	9,117,138
(Disposals)	(1,512,720)	(3,045)	(1,515,765)	(1,969)	(755,103)	0	(2,272,837)
Depreciation (expense)	0	(2,733,930)	(2,733,930)	(1,179,075)	(623,811)	0	(4,536,816)
Transfers	0	60,502	60,502	29,091	0	(89,593)	0
Balance at 30 June 2021	303,816,980	137,477,370	441,294,350	3,037,582	7,550,892	3,045,695	454,928,519
Comprises:							
Gross balance amount at 30 June 2021	303,816,980	191,191,425	495,008,405	8,622,724	8,542,196	3,045,695	515,219,020
Accumulated depreciation at 30 June 2021	0	(53,714,055)	(53,714,055)	(5,585,142)	(991,304)	0	(60,290,501)
Balance at 30 June 2021	303,816,980	137,477,370	441,294,350	3,037,582	7,550,892	3,045,695	454,928,519

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

9. Property, Plant and Equipment (continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2020	Price per metre
Buildings	2 & 3	Market approach using recent observable data for similar properties e.g. residential properties and cost approach using depreciated replacement cost	Independent registered valuer	June 2020	Price per metre (Level 2) Construction cost based on current tender and market rates (Level 2) residual values and critical life assessments (Level 3)

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

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

(ii) Cost

Furniture and equipment	Not applicable	Cost	Not applicable	Not applicable
Plant and equipment	Not applicable	Cost	Not applicable	Not applicable

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. Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

10. Infrastructure

(a) Movements in Balances

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

	Roads	Drainage	Footpaths	Park development	Other infrastructure	Total infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	108,363,185	40,829,109	29,571,602	17,210,182	3,849,330	199,823,408
Additions	2,156,436	105,122	902,542	2,485,084	301,676	5,950,860
Depreciation (expense)	(3,529,754)	(332,842)	(601,130)	(1,470,080)	(477,962)	(6,411,768)
Balance at 30 June 2020	106,989,867	40,601,389	29,873,014	18,225,186	3,673,044	199,362,500
Comprises:						
Gross balance at 30 June 2020	195,715,730	54,621,618	41,615,866	52,078,553	8,753,920	352,785,687
Accumulated depreciation at 30 June 2020	(88,725,863)	(14,020,229)	(11,742,852)	(33,853,367)	(5,080,876)	(153,423,187)
Balance at 30 June 2020	106,989,867	40,601,389	29,873,014	18,225,186	3,673,044	199,362,500
Additions	2,977,505	321,015	1,502,896	5,521,568	841,273	11,164,257
(Disposals)	0	0	(771)	(109,387)	(236,610)	(346,768)
Revaluation increments / (decrements) transferred to revaluation surplus	2,739,282	5,169,592	1,208,103	0	241,437	9,358,414
Depreciation (expense)	(3,603,310)	(330,554)	(617,120)	(1,519,116)	(491,042)	(6,561,142)
Balance at 30 June 2021	109,103,344	45,761,442	31,966,122	22,118,251	4,028,102	212,977,261
Comprises:						
Gross balance at 30 June 2021	201,528,786	61,141,754	45,054,713	49,582,231	8,974,215	366,281,699
Accumulated depreciation at 30 June 2021	(92,425,442)	(15,380,312)	(13,088,591)	(27,463,980)	(4,946,113)	(153,304,438)
Balance at 30 June 2021	109,103,344	45,761,442	31,966,122	22,118,251	4,028,102	212,977,261

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

10. Infrastructure (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2021	Construction cost based on current tender and market rates (Level 2), residual values and critical life assessments (Level 3)
Drainage	3	Cost approach using depreciated replacement cost	Management valuation	June 2021	Construction cost based on current tender and market rates (Level 2), residual values and critical life assessments (Level 3)
Footpaths	3	Cost approach using depreciated replacement cost	Management valuation	June 2021	Construction cost based on current tender and market rates (Level 2), residual values and critical life assessments (Level 3)
Park development	3	Cost approach using depreciated replacement cost	Management valuation	June 2021	Construction cost based on current tender and market rates (Level 2), residual values and critical life assessments (Level 3)
Other infrastructure	3	Cost approach using depreciated replacement cost	Management valuation	June 2021	Construction cost based on current tender and market rates (Level 2), residual values and critical life assessments (Level 3)

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

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

The "Critical Life" is the lowest calculated value of longevity in years between "Condition Assessed Life" and "Design Assessed Life". The Condition Assessed Life is a condition based measure of economic life in number of years remaining before intervention is required and the Design Assessed Life is designed base measure of economic life in number of years remaining before intervention is required (i.e. Design Life - Construction Date (Age)).

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

11. Fixed Assets

Significant Accounting Policies

Fixed Assets

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

Initial Recognition and Measurement Between Mandatory Revaluation Dates

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

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

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

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

Revaluation

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

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

11. Fixed Assets (Continued)

Australian Accounting Standards - Inconsistency Revaluation (Continued)

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

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

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

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

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

11. Fixed Assets (Continued)

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	1,512,720	1,571,000	58,280	0	0	0	0	0	16,000	0	0	(16,000)
Buildings	3,045	0	0	(3,045)	0	0	0	0	103,967	0	0	(103,967)
Furniture and equipment	1,969	0	0	(1,969)	0	0	0	0	0	0	0	0
Plant and equipment	755,103	586,078	30,546	(199,571)	851,977	520,000	60,075	(392,052)	545,354	390,893	1,147	(155,608)
Footpaths	771	0	0	(771)	0	0	0	0	0	0	0	0
Park development	109,387	0	0	(109,387)	0	0	0	0	0	0	0	0
Other infrastructure	236,610	0	0	(236,610)	0	0	0	0	0	0	0	0
	2,619,605	2,157,078	88,826	(551,353)	851,977	520,000	60,075	(392,052)	665,321	390,893	1,147	(275,575)

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

11. Fixed Assets (Continued)

(a) Disposals of Assets (Continued)

The following assets were disposed of during the year:

Plant and Equipment	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$
Governance				
Plant and Equipment	37,365	36,781	0	(584)
Law, order, public safety				
Plant and Equipment	93,064	84,335	0	(8,729)
Health				
Plant and Equipment	40,955	14,727	0	(26,228)
Community amenities				
Land	1,512,720	1,571,000	58,280	0
Other infrastructure	236,610	0	0	(236,610)
Recreation and culture				
Furniture and Equipment	1,516	0	0	(1,516)
Park Development	109,387	0	0	(109,387)
Building	3,045	0	0	(3,045)
Plant and Equipment	71,196	61,250	0	(9,946)
Transport				
Furniture and Equipment	453	0	0	(453)
Footpaths	771	0	0	(771)
Economic services				
Plant and Equipment	89,975	88,881	0	(1,094)
Other property and services				
Plant and Equipment	422,548	300,104	30,546	(152,990)
	2,619,605	2,157,078	88,826	(551,353)

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

11. Fixed Assets (Continued)

(b) Depreciation and Amortisation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings	2,733,930	2,696,170	2,737,907
Furniture and equipment	1,179,075	865,958	1,186,491
Plant and equipment	623,811	476,235	468,183
Roads	3,603,310	4,000,000	3,529,754
Drainage	330,554	360,000	332,842
Footpaths	617,120	600,000	601,130
Park development	1,519,116	1,700,000	1,470,080
Other infrastructure	491,042	500,000	477,962
Right-of-use assets - plant and equipment	56,395	55,509	15,749
Intangible assets - computer software	340,648	0	230,438
	11,495,001	11,253,872	11,050,536

Significant Accounting Policies

Depreciation

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

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Depreciation Rates

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

Asset Class	Useful life	Asset Class	Useful life
Roads and Footpaths		Park Development	
Road Seal	15 to 30 years	Play Equipment	10 to 15 years
Pavement	99 years	Sporting Structures	5 to 50 years
Kerbing	75 years	Irrigation	10 to 25 years
Footpaths	30 to 75 years	Other Park Structures	10 to 50 years
		Lighting	10 to 30 years
Drainage	30 to 200 years	Park Furniture	10 to 50 years
		Signage	5 to 10 years
Other Infrastructure		Fencing	10 to 99 years
Bus Shelter	35 to 40 years	Synthetic Surfaces	15 years
Lighting	10 to 30 years		
Park and Street Furniture	10 to 50 years	Plant and Equipment	5 to 42 years
Signage	4 to 30 years		
Entry Statements	30 years	Intangibles	3 to 15 years
Buildings	10 to 150 years	Furniture and Equipment	3 to 10 years

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

11. Fixed Assets (Continued)

(b) Depreciation and Amortisation (Continued)

Significant Accounting Policies

Depreciation on revaluation

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

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

Amortisation

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

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

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

12. Leases

Right-of-Use Assets

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

	Right-of-use assets - plant and equipment	Right-of-use assets Total
	\$	\$
Balance at 1 July 2019	161,958	161,958
Depreciation (expense)	(15,749)	(15,749)
Balance at 30 June 2020	146,209	146,209
Additions	5,325	5,325
Depreciation (expense)	(56,395)	(56,395)
Balance at 30 June 2021	95,139	95,139

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

	2021 Actual	2020 Actual
	\$	\$
Depreciation expense on lease liabilities	(56,395)	(15,749)
Interest expense on lease liabilities	(2,283)	(839)
Short-term lease payments recognised as expense	(75,204)	(126,392)
Low-value asset lease payments recognised as expense	(55,486)	(101,957)
Total amount recognised in the statement of comprehensive income	(189,368)	(244,937)

The City has three leases relating to gym equipment. The lease terms are varied from 1 year to 4 years. The leases have extension option of 6 months and a termination option of a range from 3 months to 6 months. The City has not revalued the right-of-use assets relating to the leased gym equipment as the difference between the fair value and carrying amount is immaterial.

Significant Accounting Policies

Leases

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

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

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

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

Right-of-use assets - valuation

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

Refer to Note 11 for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

13. Intangible Assets

Computer Software	2021	2020
	Actual	Actual
	\$	\$
Non-current		
Computer software	1,393,316	1,197,408
Less: accumulated amortisation	(725,910)	(385,262)
	<u>667,406</u>	<u>812,146</u>

Movements in carrying amounts of computer software during the financial year are shown as follows:

Carrying amount at beginning of period	812,146	0
Reclassification	0	635,188
Additions	195,908	407,396
Amortisation expense	(340,648)	(230,438)
Carrying amount at end of period	<u>667,406</u>	<u>812,146</u>

Significant Accounting Policies

Computer software

Costs associated with maintaining software programs 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.

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

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

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

14. Revaluation Surplus

	2021 Opening Balance	2021 Change in Accounting Policy	2021 Adjusted Carrying Amount	2021 Revaluation Increment/ (Decrement)	2021 Disposal Write-back	Total Movement on Revaluation	2021 Closing Balance
	\$	\$	\$	\$	\$	\$	\$
Land	304,817,368	0	0	0	(1,512,720)	(1,512,720)	303,304,648
Buildings	93,529,529	0	0	0	(52,182)	(52,182)	93,477,347
Furniture and equipment	1,355,268	0	0	0	(1,694)	(1,694)	1,353,574
Plant and equipment	136,985	0	0	0	(81,883)	(81,883)	55,102
Roads	50,626,820	0	0	2,739,282	0	2,739,282	53,366,102
Drainage	15,432,101	0	0	5,169,592	0	5,169,592	20,601,693
Footpaths	17,731,077	0	0	1,208,103	0	1,208,103	18,939,180
Other infrastructure	4,431,811	0	0	241,437	0	241,437	4,673,248
Eastern Metropolitan Regional Council	7,671,957	0	0	(731,046)	0	(731,046)	6,940,911
	495,732,916	0	0	8,627,368	(1,648,479)	6,978,889	502,711,805

	2020 Opening Balance	2020 Change in Accounting Policy	2020 Adjusted carrying amount	2020 Revaluation Increment/ (Decrement)	2020 Disposal Write-back	Total Movement on Revaluation	2020 Closing Balance
	\$	\$	\$	\$	\$	\$	\$
Land	318,395,217	(1,874,500)	316,520,717	(11,688,349)	(15,000)	(11,703,349)	304,817,368
Buildings	100,494,912	0	100,494,912	(6,859,570)	(105,813)	(6,965,383)	93,529,529
Furniture and equipment	1,355,268	0	1,355,268	0	0	0	1,355,268
Plant and equipment	164,908	0	164,908	0	(27,923)	(27,923)	136,985
Roads	50,626,820	0	50,626,820	0	0	0	50,626,820
Drainage	15,432,101	0	15,432,101	0	0	0	15,432,101
Footpaths	17,731,077	0	17,731,077	0	0	0	17,731,077
Other infrastructure	4,431,811	0	4,431,811	0	0	0	4,431,811
Eastern Metropolitan Regional Council	7,671,957	0	7,671,957	0	0	0	7,671,957
	516,304,071	(1,874,500)	514,429,571	(18,547,919)	(148,736)	(18,696,655)	495,732,916

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

14. Revaluation Surplus (Continued)

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

Vested land is no longer required to be recognised. Land under golf courses, showgrounds, racecourses or any sporting or recreational facility of State or regional significance should no longer be recognised.

City of Bayswater

Notes to and forming part of the Financial Report for the year ended 30 June 2021

15. Investment Property

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Non-current assets - at fair value			
Carrying balance at 1 July	8,099,000	0	7,370,000
Reclassified as an investment property	0	0	830,000
Net gain/(loss) from fair value adjustment	0	0	(101,000)
Closing balance at 30 June	8,099,000	0	8,099,000

Long term land lease

The City has a 99-year lease in place in which the City is the lessor of the land occupied by Mertome Village. Whilst lease revenue is recognised on a straight-line basis over the life of the lease, a discount provides for no cash payments to be made or received until the cumulative lease revenue totals \$4.5m. This is estimated to take 13-15 years and is reflected in the table below:

	2021	2020
	\$	\$
Payable:		
No later than five years	0	0
Later than five years but not later than fifteen years	315,000	315,000
Later than fifteen years but not later than forty years	10,500,000	10,500,000
Later than forty years but not later than seventy years	12,600,000	12,600,000
Later than seventy years	11,760,000	11,760,000
	35,175,000	35,175,000

Significant Accounting Policies

Investment properties

Investment properties are principally freehold buildings, held for long-term rental yields and not occupied by the City. They are carried at fair value. Changes in the fair values are presented in profit or loss as a part of other revenue.

Fair value of investment properties

A management valuation was performed to determine the fair value of investment properties. The main Level 3 inputs used in the valuation were discount rates, terminal yields, expected vacancy rates and rental growth rates estimated by management based on comparable transactions and industry data.

Refer to Note 42 - Discontinued Operations.

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

16. Trade and Other Payables

	2021	2020
	\$	\$
Current		
Sundry creditors	8,783,841	5,725,188
Prepaid rates	1,176,032	1,030,361
ATO liabilities	70,185	81,642
Prepaid revenue	2,685,863	2,360,429
	12,715,921	9,197,620

Significant Accounting Policies

Trade and other payables

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

The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

Prepaid rates

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

17. Aged Persons Homes Liabilities

	2021	2020
	\$	\$
Trade creditors	873,312	73,890
Refundable contributions	20,050,200	21,206,434
	20,923,512	21,280,324

Refundable contributions represent bond and deposits held on behalf of residents of the City's aged care facilities. They are recorded as a liability on the basis that they must be repaid to residents on vacating.

Refer to Note 42 - Discontinued Operations.

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

18. Contract and Grant Liabilities

	2021	2020
	\$	\$
Current		
Contract liabilities	70,508	76,472
Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity	3,804,330	395,534
Cash in Lieu - Public Open Space	575,026	0
	4,449,864	472,006

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.

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

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

Grant Liabilities

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

19. Deferred Lease Liability

	2021	2020
	\$	\$
Current	32,969	32,969
Non-Current	3,156,752	3,189,720
	3,189,721	3,222,689

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

20. Lease Liabilities

(a) Lease Liabilities

	2021	2020
	\$	\$
Current	35,037	50,216
Non-current	61,287	96,354
	96,324	146,570

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term
Recreation and culture				
Gym Equipment - The RISE	E6N0159775	MAIA Financial	1.5%	1 year
Gym Equipment - Waves	E6N0162821	MAIA Financial	1.8%	4 years
Gym Equipment - Waves	E6N0162841	MAIA Financial	2.1%	4 years

2020/21 Actual

Purpose	Lease Principal 1 July 2020	New Leases	Lease Principal Repayments	Lease Principal Outstanding 30 June 2021	Lease Interest Repayments
	\$	\$	\$	\$	\$
Recreation and culture					
Gym Equipment - The RISE	15,916	5,325	(21,241)	0	(60)
Gym Equipment - Waves	23,985	0	(6,700)	17,285	(355)
Gym Equipment - Waves	106,669	0	(27,630)	79,039	(1,868)
	146,570	5,325	(55,571)	96,324	(2,283)

2020/21 Budget

Purpose	Lease Principal 1 July 2020	New Leases	Lease Principal Repayments	Lease Principal Outstanding 30 June 2021	Lease Interest Repayments
	\$	\$	\$	\$	\$
Recreation and culture					
Gym Equipment - The RISE	15,915	0	(15,915)	0	(119)
Gym Equipment - Waves	23,985	0	(6,699)	17,286	(354)
Gym Equipment - Waves	106,669	0	(32,895)	73,774	(1,868)
	146,569	0	(55,509)	91,060	(2,341)

2019/20 Actual

Purpose	Lease Principal 1 July 2019	New Leases	Lease Principal Repayments	Lease Principal Outstanding 30 June 2020	Lease Interest Repayments
	\$	\$	\$	\$	\$
Recreation and culture					
Gym Equipment - The RISE	0	21,181	(5,265)	15,916	(60)
Gym Equipment - Waves	0	27,290	(3,305)	23,985	(222)
Gym Equipment - Waves	0	113,487	(6,818)	106,669	(557)
	0	161,958	(15,388)	146,570	(839)

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

21. Information on Borrowings

(a) Borrowings

	2021	2020
	\$	\$
Current	5,106	4,785
Non-current	1,329	6,435
	6,435	11,220

(b) Repayments - Borrowings

	Loan Number	Institution	Interest Rate		
Particulars					
Recreation and culture					
Football West	214	Treasury *	6.45%		
2020/21 Actual					
	Principal 1 July 2020	New Loans	Principal repayments	Interest repayments 30 June 2021	Principal outstanding 30 June 2021
	\$	\$	\$	\$	\$
Particulars					
Recreation and culture					
Football West	11,220	0	(4,785)	(623)	6,435
	11,220	0	(4,785)	(623)	6,435
2020/21 Budget					
	Principal 1 July 2020	New Loans 30 June 2021	Principal repayments 30 June 2021	Interest repayments 30 June 2021	Principal outstanding 30 June 2021
	\$	\$	\$	\$	\$
Particulars					
Recreation and culture					
Football West	11,219	0	(4,785)	(696)	6,434
	11,219	0	(4,785)	(696)	6,434
2019/20 Actual					
	Principal 1 July 2019	New Loans 30 June 2020	Principal repayments 30 June 2020	Interest repayments 30 June 2020	Principal outstanding 30 June 2020
	\$	\$	\$	\$	\$
Particulars					
Recreation and culture					
Football West	15,703	0	(4,483)	(1,010)	11,220
	15,703	0	(4,483)	(1,010)	11,220

* WA Treasury Corporation

Self-supporting loans are financed by payments from third parties. These are shown in Note 5 as other financial assets at amortised cost.

All other loan repayments were financed by general purpose revenue.

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

21. Information on Borrowings (Continued)

(c) Undrawn Borrowing Facilities

	2021	2020
	\$	\$
Credit Standby Arrangements		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	50,000	40,000
Credit card balance at balance date	(10,604)	(9,501)
Total amount of credit unused	39,396	30,499
Loan facilities		
Loan facilities - current	5,106	4,785
Loan facilities - non-current	1,329	6,435
Total facilities in use at balance date	6,435	11,220
Unused loan facilities at balance date	NIL	NIL

Significant Accounting Policies

Financial Liabilities

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

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

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

Borrowing Costs

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

Risk

Information regarding exposure to risk can be found at Note 34.

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

22. Employee Related Provisions

	Provision for Annual Leave \$	Provision for Sick Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2020				
Current provisions	2,745,857	760,734	2,950,948	6,457,539
Non-current provisions	0	0	419,823	419,823
	2,745,857	760,734	3,370,771	6,877,362
Additional provision	343,367	(5,169)	106,199	444,397
Balance at 30 June 2021	3,089,224	755,565	3,476,970	7,321,759
Comprises				
Current	3,089,224	755,565	3,153,306	6,998,095
Non-current	0	0	323,664	323,664
	3,089,224	755,565	3,476,970	7,321,759
	2021	2020		
Amounts are expected to be settled on the following basis:	\$	\$		
Less than 12 months after the reporting date	3,639,009	3,551,646		
More than 12 months from reporting date	3,549,077	3,193,173		
Expected reimbursements from other WA local governments	133,673	132,543		
	7,321,759	6,877,362		

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

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

22. Employee Related Provisions (Continued)

Significant Accounting Policies

Employee Benefits

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

Short-Term Employee Benefits

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

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

Other Long-Term Employee Benefits

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

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

Provisions

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

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

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

23. Notes to the Statement of Cash Flows

Reconciliation of Cash

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

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	9,655,305	60,555,398	19,486,335

Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	4,241,661	(1,944,253)	5,242,295
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(6,464)	0	(2,882)
Adjustments to fair value of investment property	0	0	101,000
Depreciation on non-current assets	11,495,001	11,253,872	11,050,536
(Profit)/loss on sale of asset	462,527	331,977	274,428
Share of profits of associates	(1,642,591)	0	2,438,930
Changes in assets and liabilities:			
(Increase)/decrease in receivables	64,302	(750,000)	(935,449)
(Increase)/decrease in other assets	(2,903,572)	0	854,076
(Increase)/decrease in inventories	12,078	20,000	(19,794)
Increase/(decrease) in payables	3,161,489	285,011	(980,012)
Increase/(decrease) in employee provisions	449,566	0	235,240
Increase/(decrease) in other provisions	(5,169)	0	0
Increase/(decrease) in contract and grant liabilities	3,944,890	(39,272)	(528,032)
Non-operating grants, subsidies and contributions	(8,550,652)	(5,810,926)	(1,607,382)
Net cash from operating activities	10,723,066	3,346,409	16,122,954

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

24. Total Assets Classified by Function and Activity

	2021	2020
	\$	\$
Governance	1,615,561	816,809
General purpose funding	3,518,381	3,144,545
Law, order, public safety	3,103,625	1,046,956
Health	924,567	268,915
Education and welfare	9,852,478	260,336
Housing	77,925,492	76,837,239
Community amenities	354,983,642	349,721,176
Recreation and culture	149,750,040	158,236,242
Transport	141,646,448	137,044,676
Economic services	331,976	386,181
Other property and services	41,743,087	40,170,356
Unallocated	56,958,388	54,055,480
	<u>842,353,685</u>	<u>821,988,911</u>

25. Contingent Liabilities

Under the *Contaminated Sites Act 2003*, the City is required to report known and suspected contaminated sites to the Department of Water and Environmental Protection (DWER). In accordance with the Act, DWER classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as “contaminated – remediation required” or “possibly contaminated – investigation required”, the City may have a liability in respect of investigation or remediation expenses.

The City has identified 13 sites as possibly contaminated. Until the City conducts an investigation to determine the presence and scope of contamination, assess the risk, and agree with DWER on the need and criteria for remediation, the City is unable to estimate the potential costs and timing of outflows associated with remediation of these sites.

City of Bayswater
Notes to and forming part of the Financial Report
for the year ended 30 June 2021

26. Capital Commitments

	<u>2021</u>	<u>2020</u>
	\$	\$
Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	8,374,776	1,751,194
	<u>8,374,776</u>	<u>1,751,194</u>

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

27. Elected Members Remuneration

Elected Members Remuneration

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Elected member Cr D Bull			
Mayor's annual allowance	89,753	89,753	89,753
Meeting attendance fees	47,516	47,516	47,516
Telecommunication allowance	3,400	3,400	3,400
Travelling expenses	0	125	0
	140,669	140,794	140,669
Elected member Cr F Piffaretti			
Deputy Mayor's annual allowance	22,438	22,438	15,553
Meeting attendance fees	31,678	31,678	31,678
Telecommunication allowance	3,400	3,400	3,400
Travelling expenses	171	125	176
	57,687	57,641	50,807
Elected member Cr B McKenna			
Meeting attendance fees	31,678	31,678	31,678
Telecommunication allowance	3,400	3,400	3,400
Travelling expenses	0	125	0
	35,078	35,203	35,078
Elected member Cr S Palmer			
Meeting attendance fees	31,678	31,678	31,678
Telecommunication allowance	3,400	3,400	3,400
Travelling expenses	0	125	0
	35,078	35,203	35,078
Elected member Cr C Ehrhardt			
Meeting attendance fees	31,678	31,678	31,678
Telecommunication allowance	3,400	3,400	3,400
Travelling expenses	0	125	0
	35,078	35,203	35,078
Elected member Cr S Gray			
Meeting attendance fees	31,678	31,678	31,678
Telecommunication allowance	3,400	3,400	3,400
Travelling expenses	0	125	0
	35,078	35,203	35,078
Elected member Cr L Clarke			
Meeting attendance fees	31,678	31,678	31,678
Telecommunication allowance	3,400	3,400	3,400
Travelling expenses	0	125	0
	35,078	35,203	35,078

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

27. Elected Members Remuneration (Continued)

Elected Members Remuneration

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Elected member Cr G Johnson			
Meeting attendance fees	31,678	31,678	31,678
Telecommunication allowance	3,400	3,400	3,400
Travelling expenses	0	125	0
	35,078	35,203	35,078
Elected member Cr E Petersen-Pik			
Meeting attendance fees	31,678	31,678	31,678
Telecommunication allowance	3,400	3,400	3,400
Travelling expenses	0	125	0
	35,078	35,203	35,078
Elected member Cr M Sutherland			
Meeting attendance fees	31,678	31,678	31,678
Telecommunication allowance	3,400	3,400	3,400
Travelling expenses	0	125	0
	35,078	35,203	35,078
Elected member Cr S Ostaszewsk			
Meeting attendance fees	31,678	31,678	21,958
Telecommunication allowance	3,400	3,400	2,356
Travelling expenses	0	125	0
	35,078	35,203	24,314
Elected member Cr C Cornish			
Deputy Mayor's annual allowance	0	0	6,823
Meeting attendance fees	0	0	9,633
Telecommunication allowance	0	0	1,035
Travelling expenses	0	125	0
	0	125	17,491
	514,058	515,387	513,905
The following fees, expenses and allowances were paid to council members and/or the Mayor.			
Mayor's allowance	89,753	89,753	89,753
Deputy Mayor's allowance	22,438	22,438	22,376
Meeting attendance fees	364,296	364,296	364,209
Telecommunication allowance	37,400	37,400	37,391
Travelling expenses	171	1,500	176
	514,058	515,387	513,905

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

28. Related Party Transactions

Key Management Personnel (KMP) Compensation Disclosure

	2021 Actual	2020 Actual
	\$	\$
The total of remuneration paid to KMP of the City during the year are as follows:		
Short-term employee benefits	1,070,892	838,696
Post-employment benefits	119,311	77,206
Other long-term benefits	22,481	21,431
Termination benefits	157,758	0
	1,370,442	937,333

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

Transactions with Related Parties

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

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

Related Parties

The City's main related parties are as follows:

Key Management Personnel

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

Other Related Parties

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

Entities Subject to Significant Influence by the City

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence.

Significant influence may be gained by share ownership, statute or agreement.

Joint Venture Entities Accounted for Under the Proportionate Consolidation Method

The City has a share in Eastern Metropolitan Regional Council (EMRC). The interest in the joint venture entity is accounted for in these financial statements using the proportionate consolidation method of accounting. For details of interests held in joint venture entities, please refer to note 29.

There were no other material transactions with related parties during 2020/21.

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

29. Investment in Associates

The City has a share in Eastern Metropolitan Regional Council (EMRC). The estimated equity share for 2020/21 is 18.23% (2019/20: 18.40%). The EMRC, comprises of six member councils, is primarily concerned with refuse removal and provision of safety services.

The principal place of business:
226 Great Eastern Highway, Belmont WA 6104

	2021	2020
	\$	\$
Carrying amount of investment in associates		
Current assets	16,681,167	16,471,305
Non-current assets	21,044,522	20,298,593
Total assets	37,725,689	36,769,898
Current liabilities	2,632,845	1,476,314
Non-current liabilities	1,222,972	1,366,984
Total liabilities	3,855,817	2,843,298
Net assets	33,869,872	33,926,600
Net increase/(decrease) in share of associate entity's net assets	(56,728)	(2,438,930)
- Share of associates profit/(loss) from ordinary activities	1,642,591	(1,728,037)
- Share of associates other comprehensive income arising during the period	(731,046)	218,850
- Dividend distributions to member councils	(968,273)	(929,743)
- Share of associates total comprehensive income arising during the period	(56,728)	(2,438,930)
Balance at 1 July	33,926,600	36,365,530
- Share of associates total comprehensive income arising during the period	(56,728)	(2,438,930)
Balance at 30 June	33,869,872	33,926,600

Significant Accounting Policies

Investment in Associates

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

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

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

30. Major Land Transactions

(a) Details

Mertome Village is an Independent Living Unit (ILU) site in Bayswater which operates in accordance with the Retirement Villages Act 1999 and subordinate legislation. Mertome Village, at the time of the disposition via long-term lease, was managed by Uniting Church Homes (Juniper) under a Management Agreement between the City of Bayswater and Juniper.

At the Council Meeting on 2 August 2016 Council supported the disposal of Land (via long-term lease arrangement) and subsequently advertised a Business Plan in December 2016.

On 1 April 2019, Hall & Prior (Fresh Fields Management (Mertome Village) Pty Ltd) entered into a long-term lease with a maximum term of 99 years with the City and acquired the business and assets associated with Mertome Village. Refer to Note 42 - Discontinued Operations.

(b) Current year transactions	2021	2021	2020
	Actual	Budget	Actual
	\$	\$	\$
Fees and Charges			
Lease income	380,494	0	390,249
Reimbursements	0	0	11,491
	<u>380,494</u>	<u>0</u>	<u>401,740</u>
Other expenditure			
Loss on disposal adjustment	0	0	30,000
Other	0	0	7,270
	<u>0</u>	<u>0</u>	<u>37,270</u>
Comprehensive income			
Loss on revaluation	0	0	101,000
	<u>0</u>	<u>0</u>	<u>101,000</u>

(c) Expected future cash flows

Cash flows are not expected until year 15 of the lease to the end of the lease term.

(d) Assets and liabilities

	2021	2020
	\$	\$
Trade Receivable		
Deferred lease asset - non-current	1,551,932	1,204,407
	<u>1,551,932</u>	<u>1,204,407</u>
Other financial liabilities		
Deferred lease premiums - current	32,969	32,969
Deferred lease premiums - non-current	3,156,752	3,189,720
	<u>3,189,721</u>	<u>3,222,689</u>

31. Trading Undertakings and Major Trading Undertakings

There was no trading undertaking conducted during the financial year ended 30 June 2021.

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

32. Rating Information

(a) Rates

Rate Type	Rate in \$	Number of Properties	Rateable Value \$	2020/21 Actual			2020/21 Budget			2019/20 Actual
				Rate Revenue \$	Interim Rates \$	Total Revenue \$	Rate Revenue \$	Interim Rate \$	Total Revenue \$	Total Revenue \$
General rate										
Gross rental valuations										
General GRV	0.08311	21,807	532,390,535	44,246,977	852,556	45,099,533	44,246,977	102,948	44,349,925	44,517,342
Sub-Total		21,807	532,390,535	44,246,977	852,556	45,099,533	44,246,977	102,948	44,349,925	44,517,342
Minimum payment										
Minimum										
\$										
Gross rental valuations										
General GRV	1,105	10,507	120,205,569	11,610,235	0	11,610,235	11,610,235	0	11,610,235	4,389,570
Sub-Total		10,507	120,205,569	11,610,235	0	11,610,235	11,610,235	0	11,610,235	4,389,570
		32,314	652,596,104	55,857,212	852,556	56,709,768	55,857,212	102,948	55,960,160	48,906,912
Discounts/concessions (Note 32(b))						(7,002,899)			(6,885,171)	0
Total amount raised from general rate						49,706,869			49,074,989	48,906,912

Significant Accounting Policies

Rates

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

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer.

Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the City recognises revenue for the prepaid rates that have not been refunded.

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

32. Rating Information (Continued)

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

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount *	Discount *	2021 Actual	2021 Budget	2020 Actual
		%	\$	\$	\$	\$
General GRV - Annual Levy	Concession	Varies	Varies	6,863,029	6,865,171	0
General GRV - Interim Levy - Minimum Rate	Concession	N/A	87	0	10,000	0
General GRV - Interim Levy - Non-Minimum Rate	Concession	17.6%	Varies	139,870	10,000	0
Total discounts/concessions (Note 32(a))				7,002,899	6,885,171	0

Rate or Fee and Charge to which the Waiver or Concession is Granted

Objects of the Waiver or Concession

General GRV - Annual & Interim Levies	State Government advised no council rates will increase due to the COVID-19 Pandemic. City of Bayswater introduced a COVID-19 Concession to ensure all rate levies were no higher than 2019/2020.
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* on a pro-rata basis

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

32. Rating Information (Continued)

(c) Interest Charges and Instalments

Instalment Options	Date Due	Instalment Plan	Instalment Plan	Unpaid Rates
		Admin Charge	Interest Rate	Interest Rate
		\$	%	%
Option One				
Single full payment	21/08/2020	0.00	0.00	8.00
Option Two				
First instalment	21/08/2020	0.00	5.50	8.00
Second instalment	23/10/2020	0.00	5.50	8.00
Option Three				
First instalment	21/08/2020	0.00	5.50	8.00
Second instalment	23/10/2020	0.00	5.50	8.00
Third instalment	08/01/2021	0.00	5.50	8.00
Fourth instalment	12/03/2021	0.00	5.50	8.00
		2021 Actual	2021 Budget	2020 Actual
		\$	\$	\$
Interest on unpaid rates		233,267	131,500	185,384
Interest on instalment plan		238,594	198,000	204,271
Charges on instalment plan		0	0	122,423
		471,861	329,500	512,078

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

33. Rate Setting Statement Information

	Note	2020/21		
		2020/21	Budget	2019/20
		(30 June 2021	(30 June 2021	(30 June 2020
		Carried Forward)	Carried Forward)	Carried Forward)
		\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with Financial Management Regulation 32.				
Adjustments to operating activities				
(Profit) on asset disposals	11(a)	(88,826)	(60,075)	(1,147)
Movement in liabilities associated with restricted cash		391,513	0	(317,914)
Less: Fair value adjustments to financial assets at fair value through profit and loss		(6,464)	0	(2,882)
Less: Share of net profit of associates and joint ventures accounted for using the equity method		(1,642,591)	0	2,438,930
Movement in investment property	15	0	0	(729,000)
Movement in non-current assets		230,209	0	416,839
Movement in non-current leave provisions		(96,159)	(250,000)	66,461
Movement in non-current liabilities		(38,074)	0	(58,564)
Loss on disposal of assets	11(a)	551,353	392,052	275,575
Add: Depreciation on non-current assets	11(b)	11,495,001	11,253,872	11,050,536
Non cash amounts excluded from operating activities		10,795,962	11,335,849	13,138,834
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with Financial Management Regulation 32 to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserves – cash/financial asset backed	4	(39,560,227)	(31,640,356)	(46,017,037)
Less: Financial assets at amortised cost - self supporting loans	5(a)	(5,106)	0	(4,785)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	21(a)	5,106	0	4,785
- Aged Persons Homes		7,762,952	7,000,000	7,382,457
- Current portion of lease liabilities	20(a)	35,037	0	50,216
- Employee benefit provisions		1,572,346	0	1,561,327
Total adjustments to net current assets		(30,189,892)	(24,640,356)	(37,023,037)
Net current assets used in the Rate Setting Statement				
Total current assets		93,045,983	66,725,398	89,391,201
Less: Total current liabilities		(45,160,504)	(39,239,804)	(37,495,459)
Less: Total adjustments to net current assets		(30,189,892)	(24,640,356)	(37,023,037)
Net current assets used in the Rate Setting Statement		17,695,587	2,845,238	14,872,705

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

34. Financial Risk Management

(a) Interest Rate Risk

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

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

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

Financial risk management is carried out by the finance branch under policies approved by the Council. The finance branch identifies, evaluates and manages financial risks in close cooperation with the operating divisions. Council has approved the overall risk management policy and provides policies on specific areas such as investment policy.

(a) Interest Rate Risk

Cash and Cash Equivalents

The City's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the City to cash flow interest rate risk.

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2021					
Cash and cash equivalents	0.56%	9,655,305	2,545,579	7,097,376	12,350
Financial assets at amortised cost - term deposits	0.66%	75,543,596	75,543,596	0	0
2020					
Cash and cash equivalents	1.60%	19,486,335	12,003,852	7,469,033	13,450
Financial assets at amortised cost	1.75%	65,110,400	65,110,400	0	0

Sensitivity

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

	2021	2020
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	70,974	74,690

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. The City does not consider there to be any interest rate risk in relation to borrowings as they are immaterial and supported by the corresponding receivable (self-supporting loan). Details of interest rates applicable to each borrowing may be found at Note 21(b).

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

34. Financial Risk Management (Continued)

(b) Credit Risk

Trade and Other Receivables

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

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 also charges interest on overdue rates (excluding entitled pensioners or eligible seniors) and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables for rates and sundry debtors is reported to Council monthly.

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

The loss allowance for the financial year was deemed insignificant, therefore no loss allowance was recognised. No expected credit loss was forecast on 1 July 2020 or 30 June 2021 for rates receivable as penalty interest applies to unpaid rates, and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2021					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	1,582,449	617,569	493,909	0	2,693,927

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	1,546,724	516,279	175,296	89,136	2,327,435

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	540,934	151,512	20,449	361,327	1,074,222

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	626,999	23,032	14,327	397,786	1,062,144

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

34. Financial Risk Management (Continued)

(c) Liquidity Risk

Payables and Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2021					
Payables	12,715,921	0	0	12,715,921	12,715,921
Aged Persons Homes liabilities	20,923,512	0	0	20,923,512	20,923,512
Borrowings	5,399	1,351	0	6,750	6,435
Contract liabilities	70,508	0	0	70,508	70,508
Grant liabilities	3,804,330	0	0	3,804,330	3,804,330
Cash in lieu - public open space	575,026	0	0	575,026	575,026
Lease liabilities	36,554	62,206	0	98,760	96,324
Deferred lease liability	32,969	164,843	2,991,909	3,189,721	3,189,721
	38,164,219	228,400	2,991,909	41,384,528	41,381,777
2020					
Payables	9,197,620	0	0	9,197,620	9,197,620
Aged Persons Homes liabilities	21,280,324	0	0	21,280,324	21,280,324
Borrowings	5,394	6,750	0	12,144	11,220
Contract liabilities	76,472	0	0	76,472	76,472
Grant Liabilities	395,534	0	0	395,534	395,534
Lease liabilities	52,529	98,760	0	151,289	146,570
Deferred lease liability	32,969	164,843	3,024,877	3,222,689	3,222,689
	31,040,842	270,353	3,024,877	34,336,072	34,330,429

35. Events Occurring After the End of the Reporting Period

No events after the reporting date were identified by management that would significantly affect the operations of the City or the financial results of the City.

36. Initial Application of Australian Accounting Standards

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

- AASB 1059: Service Concession Arrangements: Grantors**
 Service concession assets are those assets where a third party operator constructs 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.

The City has considered the requirements of AASB 1059 – Service Concession Arrangement, and confirms that the City has no existing arrangements that fall within the scope of this standard.

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

37. Correction of error

Balances relating to the 2020 comparative year have been amended due to the correction of a prior period error. This error has been adjusted as shown and 2020 and 2019 figures were restated and included as 'restated' columns in the Statement of Financial Position.

In accordance with AASB 107.7, term deposits due to mature within 3 months of their acquisition date are considered to be cash. There were \$65,110,400 (2019: \$59,063,418) of these term deposits which had maturities exceeding 3 months and should have been classified as other financial assets (Note 5).

Statement of Financial Position (Extract)	2020			2019		
	30 June	Increase/ (Decrease)	30 June (Restated)	30 June	Increase/ (Decrease)	30 June (Restated)
	\$	\$	\$	\$	\$	\$
Cash and Equivalents	84,596,735	(65,110,400)	19,486,335	78,632,835	(59,063,418)	19,569,417
Other Financial Assets	4,785	65,110,400	65,115,185	4,484	59,063,418	59,067,902
Total current assets	89,391,201	0	89,391,201	83,743,778	0	83,743,778
Total assets	821,988,911	0	821,988,911	848,905,252	0	848,905,252
Net assets	780,781,120	0	780,781,120	808,503,658	0	808,503,658
Retained earnings	239,031,167	0	239,031,167	243,466,759	0	243,466,759
Total equity	780,781,120	0	780,781,120	808,503,658	0	808,503,658

38. Trust Funds

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

	1 July 2020	Amounts Received	Amounts Paid	30 June 2021
	\$	\$	\$	\$
Building Service Levy	30,463	336,605	(280,793)	86,275
Cash in Lieu - Art	163,461	235,212	0	398,673
Cash in Lieu - Car Parking	495,126	3,257	(13,872)	484,511
Cash in Lieu - Public Open Space	4,305,154	56,414	(1,256,474)	3,105,094
Construction Training Fund *	(1,269)	171,755	(141,137)	29,349
TPS 17	124,107	817	0	124,924
Unclaimed money	59,289	12,359	(969)	70,679
Bonds	0	13,044	(13,044)	0
JDAP	0	31,075	(31,075)	0
Trust - Other	999	0	0	999
Scholarship	25,000	163	0	25,163
	5,202,330	860,701	(1,737,364)	4,325,667

* Over payment to Construction Training Fund (CTF) for \$1,269 due to duplicated applications. The City has since recovered the debts subsequent to year end.

City of Bayswater

Notes to and forming part of the Financial Report for the year ended 30 June 2021

39. Other Significant Accounting Policies

(a) Goods and services tax (GST)

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

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

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

(b) Current and non-current classification

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

(c) Rounding off figures

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

(d) Comparative figures

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

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

(e) Budget comparative figures

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

(f) Superannuation

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

(g) Fair value of assets and liabilities

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

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

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

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

39. Other Significant Accounting Policies (Continued)

g) Fair value of assets and liabilities (continued)

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

39. Other Significant Accounting Policies (Continued)

i) Impairment of assets

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

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

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

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

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

40. Activities/Programs

City operations as disclosed in these financial statements encompass the following service orientated activities/programs:

Program Name and Objectives

Governance

The administration and operation of facilities and services to Elected Members of Council. It includes costs for assisting elected members and ratepayers with matters which do not concern specific Council services.

General Purpose Funding

Revenue from rates including interim rates, interest and fees on instalment arrangements and interest on arrears. It includes amounts receivable from the Western Australian Local Government Grants Commission, such as Financial Assistance Grants.

Law, Order and Public Safety

Administration and operation of funds received from the Department of Fire and Emergency Services for the Bayswater SES. It covers the cost of providing community safety programs and Ranger and Security services including animal control, parking, impounding of vehicles, fire prevention and 24/7 security services.

Health

Administration, inspection and operation of programs concerned with the general health of the community. These services include infant health centres, immunisation programs, food sampling and inspection of food premises, noise and pest control.

Education and Welfare

Funding for welfare services for families, children and the aged. It includes the administration of community centres, and programs for youth and the aged.

Housing

Administration, provision and operation of housing programs for aged persons.

Community Amenities

General refuse collection, sanitation and disposal services. The management of sewerage and urban storm water drainage and protection of the environment. It also covers town planning and regional development services

Recreation and Culture

Funding for public halls, civic centres, libraries and recreation facilities, including Morley Sport and Recreation Centre, Les Hansman Centre, Bayswater Waves, Maylands Waterland and the RISE. It includes the maintenance of recreation facilities, public parks, gardens and reserves, and also funds community programs including the Avon Descent, Art Awards, and Multicultural Community Concert.

Transport

Construction and maintenance of roads, drainage works, footpaths, parking facilities, maintenance of bus shelters, street cleaning and street lighting.

Economic Services

Providing and regulating services including tourism, area promotion and building control. It includes place management and support for local economic development.

Other Property and Services

Administration, inspection and operation of work carried out on property or services not under the care, control or management of the City. These include private works, public work overheads, plant operation and other unclassified activities.

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

41. Financial Ratios

	2021 Actual *	2020 Actual	2019 Actual
Current ratio	1.27	1.21	1.13
Asset consumption ratio	0.63	0.62	0.66
Asset renewal funding ratio **	N/A	N/A	N/A
Asset sustainability ratio	1.78	1.05	1.04
Debt service cover ratio	181.39	629.57	2,602.83
Operating surplus ratio	(0.02)	0.04	0.04
Own source revenue coverage ratio	0.94	0.94	0.99

The above ratios are calculated as follows:

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

* Amounts relating to discontinued operations have been excluded because aged care is no longer part of the continuing operations of the City which is evidenced by its intention to sell these businesses. Please refer to Note 42 - Discontinued Operations.

** The asset renewal funding ratio is not available as the Long-term Financial Plan has not been formally adopted by the Council. Therefore, the data cannot be taken into account during the audit process.

City of Bayswater

Notes to and forming part of the Financial Report
for the year ended 30 June 2021

42. Discontinued Operations

At the Council meeting on 2 August 2016, Council resolved to divest from Aged Persons Homes.

Mertome Retirement Village was the first portion of the Aged Person Homes segment to be sold.

The site currently contains 102 independent living units and a 70-bed residential aged care facility. Despite Mertome Village undergoing several refurbishments throughout the years, it has now reached the end of its operating life.

On 1 April 2019, Hall & Prior (Fresh Fields Management (Mertome Village) Pty Ltd) entered into a long-term lease with the City and acquired the business and assets associated with Mertome Village. Hall & Prior operates Mertome Village and the Hostel. In relation to the Mertome Retirement Village, most of the assets and all of the liabilities have been disposed of in these transactions.

Management expects to sell the remaining assets in the coming years.

	2021	2020
	\$	\$
Income Statement		
Operating income	9,952,194	10,169,944
Operating expenditure	<u>(9,098,751)</u>	<u>(9,126,879)</u>
	853,443	1,043,065
 (Loss) on asset disposals	 <u>0</u>	 <u>(30,000)</u>
	853,443	1,013,065

The carrying amount of the assets and liabilities in the disposal group is summarised as follows:

Financial Position*

Assets	35,585,567	35,289,812
Liabilities	<u>20,923,512</u>	<u>21,280,324</u>
	14,662,055	14,009,488

* The cash and cash equivalents and financial assets (\$31.66m, 2019/20 \$31.92m) and investment properties (\$8.1m, 2019/20 \$8.1m) will remain with the Council following divestment. Consequently, these assets are excluded from held for sale assets.

Cash flows generated by the Aged Person Homes disposal group are as follows:

Cash Flows

Net cash inflows from operating activities	<u>853,443</u>	<u>1,013,065</u>
Net cash inflow/(outflows) from discontinued operations	853,443	1,013,065

Significant Accounting Policies

A discontinued operation is a component of the City of Bayswater that has been either disposed of, or is held for sale and;

- (a) represents a separate major line of business or geographical area of operations; and
- (b) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.



Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 City of Bayswater

To the Councillors of the City of Bayswater

Report on the audit of the annual financial report

Opinion

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

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

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

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

Basis for opinion

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

Emphasis of Matter

I draw attention to Note 37 to the financial statements, which states that the amounts reported in the previously issued 30 June 2020 Annual Financial Report have been restated and disclosed as comparatives in this Annual Financial Report. My opinion is not modified in respect of this matter.

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

The Chief Executive Officer (CEO) of the City is responsible for the preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the City.

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

Auditor's responsibility for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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

Report on other legal and regulatory requirements

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

- (i) The following material matters indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
 - a) More employees than necessary have the ability to change rates, fees and charges within the City's finance and revenue systems. As the City does not have a process to review price changes, there is an increased risk that unauthorised price changes will not be detected. In addition, controls over revenue collected at the City's recreational facilities were deficient as a large number of users could issue refunds, there was no independent review of refunds issued and end of day reconciliations were not consistently reviewed.
 - b) There were instances where there was no evidence to demonstrate that changes made to supplier details, such as bank account details, were independently reviewed and authorised prior to the change being made. This increases the risk of unauthorised changes to key financial information, although our audit sampling did not identify any.

- c) Important reconciliations, including the bank reconciliation, were not completed and independently reviewed progressively throughout the year. This significantly increases the risk that the City will not promptly identify and resolve errors and irregularities, including fraud.
 - d) From a sample of changes to employee pay rates, we identified instances where changes to employee pay rates made in the system were not reviewed by an independent officer. This increases the risk of incorrect or inappropriate pay changes, although our sampling did not identify any.
 - e) We identified significant weaknesses in the City's general computer controls. The weaknesses could result in a potential security exposure such as unauthorised access to information and an increased risk of information loss. The weaknesses exposed the network to increased vulnerabilities which could undermine the integrity of data across all systems, including the financial system.
 - f) The City has not reported the Asset Renewal Funding Ratio for the past 3 years, as planned capital renewals and required expenditure were not estimated in the long-term financial plan and asset management plan respectively for those years as required by the Local Government (Financial Management) Regulations 1996.
- (ii) All required information and explanations were obtained by me.
 - (iii) All audit procedures were satisfactorily completed.
 - (iv) In my opinion, the Asset Consumption Ratio included in the financial report was supported by verifiable information and reasonable assumptions.

Other information

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

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

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the City of Bayswater for the year ended 30 June 2021 included on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



Caroline Spencer
Auditor General for Western Australia
Perth, Western Australia
2 September 2022

8.2 Debtors Write-Off

Responsible Branch:	Financial Services
Responsible Directorate:	Corporate and Strategy
Authority/Discretion:	Legislative
Voting Requirement:	Simple Majority Required
Attachments:	<ol style="list-style-type: none"> 1. Infringement debtors list [8.2.1 - 1 page] 2. CONFIDENTIAL - Sundry debtors list [8.2.2 - 1 page] 3. CONFIDENTIAL - Recreation debtor write-off list [8.2.3 - 13 pages]

Confidential Attachment(s) - in accordance with Section 5.23(2)(b) of the Local Government Act 1995 - the personal affairs of any person.

SUMMARY

This report presents and notifies Council of a list of bad debts that have been written off under delegated authority in accordance with the Sundry Debt and Recovery Policy.

COMMITTEE RECOMMENDATION TO COUNCIL
(OFFICER'S RECOMMENDATION)

That Council:

1. Notes an amount of \$62,257.37 of bad debts as outlined in Attachments 1, 2 and 3 as outlined in this report has been written off under delegated authority.
2. Notes an amount of \$240.00 was waived for venue hire fee for the Bayswater Women's Hub.

Jillian Brazil Moved, Cr Josh Eveson Seconded

CARRIED UNANIMOUSLY: 5/0

For: *Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Andrew Cox and Jillian Brazil.*

Against: *Nil.*

BACKGROUND

This report provides an overview of bad debts accrued and requiring write off under the Sundry Debt Collection and Recovery Policy.

Australian Accounting Standards and the provisions of the Local Government Act 1995 and Financial Management Regulations require, inter alia, ongoing assessment of the likelihood that debts recognised in the organisation's accounts will be collected.

Sundry debtors are managed in accordance with the City's Sundry Debt Collection and Recovery Policy. While all reasonable efforts are made to recover aged debts, there are also some that, for practical purposes, require write off.

These can be monies due for user charges, infringements, fees and other services rendered, and the process for collection is dependent on the type of debt raised and the mechanisms available under various legislation for recovery. Section 6.12 (1) of the Local Government Act 1995 allows for debts to be written off by Council, and the Sundry Debt and Recovery Policy gives delegated authority to the Chief Executive Officer to write off any uncollectable bad debts under \$1,000.00 per account, and advise Council accordingly.

Any amount in excess of \$1,000.00 requires approval from Council to write off.

EXTERNAL CONSULTATION

The City received a letter from the Bayswater Women's Hub as operators of the Bayswater Tool Library requesting a 12-month waiver of the venue hire fees.

OFFICER'S COMMENTS

Infringement Debtors

The infringement write-off list (**Attachment 1**) refers to infringements where either the City cannot acquire the offender's details from the Department of Transport or the Fines Enforcement Registry (FER) has advised that the debt is not recoverable or economical to enforce. The amount written off under delegated authority is \$4,089.80.

Sundry Debtors

The sundry debtors write-off list (**Attachment 2**) refers to sundry debtors where city staff have followed up all debt collection procedures but have not been able to make contact with these debtors. The individual amounts of these debtors are not feasible to be collected through legal debt collection process. The amount written off under delegated authority is \$437.07.

Recreation Facilities Debtors

The Recreation Facilities bad debts (**Attachment 3**) have arisen as a result of the customer not following the cancellation procedure as set out in the membership terms and conditions. In most instances customers made arrangements with their bank to cancel the direct debit however failed to provide the same communication to the facility. A smaller percentage of debts were accrued from people permanently leaving the country without notifying the facility. As a result, a direct debit payment was taken for services that the customer no longer wanted or used.

In addition, bad debts of \$134.97 has resulted from sales of merchandise paid using credit cards. These were disputed and charged back by the bank.

Following a documented recovery process, a number of debts accrued have been reviewed and require approval to be written off under delegated authority in accordance with Council's Sundry Debt Collection and Recovery. These write-offs total \$57,730.50.

Waiver of Hire Fees

The Bayswater Women's Hub has proposed to launch and operate the Bayswater Tool Library from a vacant storage area in Shearn Park, Maylands. The Tool Library inventory is accessible to anyone in the community - regardless of gender - who becomes a Tool Library member. Membership fees are applicable and will be used for a range of purposes, including sinking fund for the facilities, insurance, maintenance and expansion of the inventory, and to subsidise programs that teach tool skills to community members. The Bayswater Women's Hub is run entirely by volunteers and is a not for profit organisation. As such, they contacted the City on the 17 September 2021 to request the use of the kiosk/bunker facilities at Shearn Park and waiver of relevant hire fees for a 12-month trial of the Tool Library Project. These fees equate to \$240 for the 12-month period.

The \$240 was waived by the Manager Recreation and Commercial Activities under the Delegated Authority - FM-D05 Granting Concessions and Write-Offs.

LEGISLATIVE COMPLIANCE

The Sundry Debt Collection and Recovery Policy applies and section 6.12 (1) of the Local Government Act 1995 states:

"Subject to subsection (2) and any other written law, a local government may —
 ...(c) write off any amount of money, which is owed to the local government."

RISK ASSESSMENT

In accordance with the City’s Risk Management Framework, the officer’s recommendation has been assessed against the City’s adopted risk tolerance. Comments are provided against each of the risk categories.

Officer’s Recommendation	That Council:		
	<ol style="list-style-type: none"> 1. Notes an amount of \$62,257.37 of bad debts as outlined in <u>Attachment 1, 2 and 3</u> as outlined in this report has been written off under delegated authority. 2. Notes an amount of \$240.00 waived for venue hire fee for the Bayswater Women’s Hub. 		
Risk Category	Adopted Risk Appetite	Risk Assessment Outcome	
Strategic Direction	Moderate	Low	
Reputation	Low	Low	
Governance	Low	Low	
Community and Stakeholder	Moderate	Low	
Financial Management	Low	Low	
Environmental Responsibility	Low	Low	
Service Delivery	Low	Low	
Organisational Health and Safety	Low	Low	
Conclusion	The write off of the debts reflect amounts that are deemed recoverable. The venue hire waiver was provided in line with Council Policy and the Delegate Authority Register.		

FINANCIAL IMPLICATIONS

Bad debts are reflected in the end-of-year operating result. The ongoing review of the City's revenue collection and debt recovery practices is considered to be an important feature of risk management and strengthening corporate governance.

STRATEGIC IMPLICATIONS

In accordance with the City of Bayswater's Strategic Community Plan 2021-2031, the following applies:

- Theme: Leadership and Governance
- Goal L4: Communicate in a clear and transparent way.
 Provide the community with useful information about Council's policies, services and events and advise the community of engagement outcomes.

CONCLUSION

It is recommended that Council notes an amount of \$62,257.37 of bad debts have been written off under delegated authority.

8.3 Mobile Food Permit - Waiver Request - 55 Central Trading As Grow And Grind

Responsible Branch:	Financial Services
Responsible Directorate:	Corporate and Strategy
Authority/Discretion:	Legislative
Voting Requirement:	ABSOLUTE MAJORITY REQUIRED
Attachments:	1. Grow & Grind Program flyer [8.3.1 - 2 pages]

SUMMARY

This report requests a waiver for a 12-month mobile food permit fee for 55 Central, trading as Grow and Grind. In addition, seeks approval to amend the City's Delegated Authority Register to allow the Chief Executive Officer to approve future waivers.

COMMITTEE RECOMMENDATION TO COUNCIL
(OFFICER'S RECOMMENDATION)

That Council:

1. Approves a waiver of \$1,052 for a 12-month mobile food vehicle permit fee for 55 Central trading as Grow and Grind.
2. Amends the City's FM-D05 Granting Concessions and Write-Off Delegation to allow the Chief Executive Officer to application and permit fees for charitable organisations up to \$1,200.

ABSOLUTE MAJORITY REQUIRED

Cr Josh Eveson Moved, Cr Filomena Piffaretti, Mayor Seconded

CARRIED UNANIMOUSLY: 5/0

For: Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Andrew Cox and Jillian Brazil.

Against: Nil.

BACKGROUND

On 29 July 2022, the City received a request from 55 Central, trading as Grow and Grind to waive the mobile food permit fee.

55 Central is a registered charity providing crisis accommodation for the homeless and those with mental illness. The organisation is registered with the Australian Charities and Not-for-Profits Commission and receives public benevolent institution tax concessions.

In late 2021, 55 Central received a grant from the Bendigo Community Bank Bayswater to start a social enterprise. The grant was used to purchase a purpose built coffee van to train and employ their clients. The aim for the business is to become self-sustaining in a couple of years with all profits reinvested back into the training program. A flyer about the program is included in **Attachment 1**.

55 Central current permit expires on 20/12/2022.

The City's Waivers, Concession and Definitions for Fees and Charges Policy states:

"The City may waiver fees or grant concessions in the following circumstances

In waiving a permit fee for a stall holder or trader under the City's local law, who is a charitable organisation or a not-for-profit community group, the City may consider the merits of the group and the contribution it makes to the City of Bayswater community."

The City’s Delegated Authority Register requires Council approval for waivers in excess of \$500. Any waivers approved by Officers are reported to Elected Members via the Audit and Risk Management Committee for noting, in line with the Delegated Authority Register.

Charitable organisations, such as 55 Central are exempt from food business registration fees under the *Food Act 2008*.

EXTERNAL CONSULTATION

As outlined above, the City received an email from 55 Central on 29 July 2022. The email requested the City waive the permit fees going forward to assist the program grow, which would in turn, help support more people.

OFFICER'S COMMENTS

The request from 55 Central is in line with the City’s Waivers, Concession and Definition for Fees and Charges Policy; however due to the cost of a 12-month mobile food permit being \$1,052, Council approval is required.

A 3-month permit waiver could be approved by the Chief Executive Officer or Director Corporate and Strategy; however, a 12-month permit waiver was considered more appropriate. Firstly, a 12-month fee waiver provides certainty for 55 Central and also reduces the administration cost for the applicant and the City.

It is recommended that the City’s Delegated Authority Register is also updated to allow the Chief Executive Officer to approve future mobile food permit applications up to 12-months for 55 Central.

LEGISLATIVE COMPLIANCE

The Waiver, Concession and Definitions for Fees and Charges and the City’s Delegated Authority register applies to waiving of fees and charges.

Section 6.12 (1) of *the Local Government Act 1995* states:

*"Subject to subsection (2) and any other written law, a local government may —
 ... (b) waive or grant a concession in relation to any amount of money, which is owed to the local government."*

RISK ASSESSMENT

In accordance with the City’s Risk Management Framework, the officer’s recommendation has been assessed against the City’s adopted risk tolerance. Comments are provided against each of the risk categories.

Officer’s Recommendation	That Council:	
	<ol style="list-style-type: none"> 1. Approves a waiver of \$1,052 for a 12-month mobile food vehicle permit fee for 55 Central trading as Grow and Grind. 2. Amends the City’s FM-D05 Granting Concessions and Write-Off Delegation to allow the Chief Executive Officer to application and permit fees for charitable organisations up to \$1,200. 	
Risk Category	Adopted Risk Appetite	Risk Assessment Outcome
Strategic Direction	Moderate	Low
Reputation	Low	Low
Governance	Low	Low
Community and Stakeholder	Moderate	Low

Financial Management	Low	Low
Environmental Responsibility	Low	Low
Service Delivery	Low	Low
Organisational Health and Safety	Low	Low
Conclusion	Approving the waiver will be consistent with the City's existing policies. Amending the delegated authority register will enable the City's administration to process future application fee waivers for 55 Central in a timely manner.	

FINANCIAL IMPLICATIONS

The waiver would result in a loss of revenue of \$1,052 for the permit from 22 December 2022 to 21 December 2023. Future application fees are waived, the loss of revenue is expected approximately \$1,100 per annum depending on the City's fees and charge schedule.

STRATEGIC IMPLICATIONS

In accordance with the City of Bayswater Strategic Community Plan 2021-2031, the following applies:

Theme: Community
 Goal C2: Celebrate multiculturalism, arts and culture by supporting local events and initiatives.

Theme: Leadership and Governance
 Goal L3: Provide good customer service.
 Respond to the needs of our community in a respectful and timely way.

CONCLUSION

The Grow and Grind initiative is a community capital building enterprise and a fee waiver is supported by the City's Policies. Therefore, it is recommended that Council approves a waiver of \$1,052 and amends the Chief Executive Officer's delegated authority to waive mobile food permit fees.



Working towards change

Our coffee van provides on-the-job training and employment for people who need a hand up.

Every cent of profit from your coffee purchase flows back to the Grow & Grind training program, providing barista training to people experiencing the impacts of homelessness and isolation.



How to find us



Monday to Friday mornings 7am - 9:30am

55 Central

Cnr Guildford Road and Peninsula Avenue Maylands.

**For all our news, follow us on FaceBook
@growandgrindperth**



**For all other queries, phone or text
Jaryd on 0474 226 519**

FIND OUT MORE >





Help us Grow & Grind

- Make a Grow & Grind coffee part of your routine
- Pay forward a coffee
- Follow us on social media
- Volunteer with us
- Invite us to serve coffee at your next event
- Donate to the program or sponsor a barista!



Why Grow & Grind?

55 Central provides accommodation and support services to more than 250 people every year. 85% of the people we assist are unemployed.

We believe everyone deserves an opportunity to connect in and work towards change. Developing skills, confidence and self esteem supports people to break cycles of unemployment and disadvantage.

Grow & Grind will change 30 lives over the next three years by offering people who need a hand up tailored training and support they need to succeed.



Working Towards Change

Grow & Grind is a social enterprise delivered by 55 Central with generous funding from the Bendigo Community Bank – Bayswater.

All profits are directed back into the Grow & Grind training program to build skills and confidence in people doing it tough.

8.4 Quarterly Performance Review - Quarter 4 (Apr-Jun) - Audit

Responsible Branch:	Office of the CEO
Responsible Directorate:	Office of the CEO
Authority/Discretion:	Executive/Strategic
Voting Requirement:	Simple Majority
Attachments:	Audit Function Dashboard – Quarter 4. 2021/22 Audit Log Register

REASON FOR CONFIDENTIALITY

Confidential Attachment(s) in accordance with Section 5.23(2) of the Local Government Act 1995 (WA):

- (f) a matter that if disclosed could be reasonably expected to —
 - (ii) Endanger the security of the local government’s property;

SUMMARY

The Quarterly Performance Review – Quarter 4 (Apr – Jun 2022) – Audit provides an update to the Audit and Risk Management Committee (ARMC) on audits completed, progress in implementing the annual internal audit program and the implementation of agreed internal and external audit recommendations.

Quarter 4 reporting period opened with 98 actions, 36 actions closed, 14 actions were added, closing the period with 76 open actions.

COMMITTEE RECOMMENDATION TO COUNCIL
(OFFICER’S RECOMMENDATION)

That Council receives the confidential attachments Audit Function Dashboard – Quarter 4. 2021/22 (Attachment 1) and the Audit Log Register (Attachment 2).

Jillian Brazil Moved, Andrew Cox Seconded

CARRIED UNANIMOUSLY: 5/0

For: *Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Andrew Cox and Jillian Brazil.*

Against: *Nil.*

BACKGROUND

The Quarterly Performance Report – Audit provides an update to the ARMC on audits completed, progress in implementing the annual internal audit program and the implementation of agreed internal and external audit recommendations.

This report is supported by the Audit Function Dashboard – Quarter 4. 2021/22 (Attachment 1) and the Audit Log Register (Attachment 2). The dashboard provides a high-level snap shot of key information relating to audit actions detailed in the Audit Log Register. The Audit Log Register provides further details on the implementation of agreed internal and external audit recommendations.

EXTERNAL CONSULTATION

Consultation has occurred with the City's outsourced Internal Auditors – William Buck.

OFFICER'S COMMENTS**Annual Internal Audit Program**

The approved Annual Internal Audit Program 2021/22 included the following four audits:

- Statutory Compliance and General systems for complying with acts, regulations and local laws
- Building licence application and approval
- Swimming Pool Inspections
- Aquatic and Recreation Centre Review

The Swimming Pool Inspections Audit and Aquatic and Recreation Centre Audits (Bayswater Waves) are complete. The outcomes of the audits are presented as part of this agenda.

The Statutory Compliance and the Building Licence Application and Approval audits were not completed as part of the 2021/22 year. It is recommended that a control assurance review be performed on the Building Licence Application and Approval process in lieu of an internal audit and the Statutory Compliance Audit be included in the 3-year audit plan. The intent is for this audit be included in the 2022/23 Program and then every two years going forward.

Audit Log Register

Management agreed actions to address auditor observations are recorded in the City's Audit Log Register. On a quarterly basis management provide progress updates on the status of implementation of agreed actions.

To improve the readability and to provide further key information to support the ARMC some minor changes have been made to the Audit Log Register, these include:

- Spreadsheet format – The register has been provided in a spreadsheet format, listing actions by audit.
- Auditor Risk Ratings – Observation risk ratings indicate to management the significance of the observation and the attention required to reduce its probability and/or impact. Where the auditor has not provided a risk rating the risk rating shows as 'not rated'.
- Issue Type – Observations have been updated to include recommendation type. The recommendation type relates to the area of control weakness.
- Amended Due Date – Where management seek to amended original due dates an amended date is entered. New requests received are shown in red, with a 'strikethrough' over each previous date.
- Days Overdue – Actions that have not been implemented by the original due date have been highlighted in pink with a count of days overdue added from the original due date to the end of the quarter.

Implementation of Actions

The period opened with 98 actions, 14 actions were added and 36 actions have been completed, leaving 76 actions open.

	Number of Actions
Period Open	98
Actions Added	14

Actions Closed	36
Period Close	76

Of the 76 open actions, 20 have a risk rating of high or above. As reported in the Audit Log Register, whilst the actions are overdue, they are in progress to be implemented by amended due dates.

As part of the improvements made to the Audit Log Register, actions have been grouped into risk categories by recommendation. The table below contains the six risk categories used.

	Category
1.	Budget
2.	Asset Management Plan (AMP) / Asset Registers
3.	Long Term Financial Plan (LTFP)
4.	Integrated Planning and Reporting Framework (IPRF) / Business Planning
5.	IT Systems
6.	Process / Policy (development and improvement)

As reported in the Audit Log Register 40% of open actions relate to a need for formal processes and/or policies or outdated processes/policies.

- 31 (40%) actions relate to issues caused by lack of process/policy/internal controls.
- 13 (17%) actions relate to the Long-Term Financial Plan
- 11 (14%) actions to the finalisation of Asset Management Plans/Register

The City is reviewing the Policy Framework, and will prioritise improvements based on the actions in the audit log. Due to a high level of turnover, it has been difficult for branches to focus on audit actions as core service delivery has been the priority. For the City to see an improvement in the implementation of agreed actions, branches need to be supported in the development and/or review of corporate documents.

Completed Actions

Progress by management to implement agreed audit actions against audit findings and recommendations has been reviewed as part of the quarterly reporting process. 36 actions were closed this quarter. The table below contains the risk rating and number of actions closed this quarter.

Risk Rating	Number of Actions Closed
Not Rated	4
Extreme	2
High	11
Moderate	18
Low	1
Total	36

Actions deemed complete by management follow a close-out process. This process requires Internal Audit to obtain evidence that audit actions have been implemented by management before recommending close-out to the ARMC. Evidence is collected and/or reviewed by the Coordinator Risk Management each quarter and reviewed by the Internal Auditors on an annual basis.

If an action is closed-out by management in the audit log register but close-out is not agreed by internal audit, the audit action will go back into the audit log register and be monitored until adequate evidence is produced that it can be closed-out.

On an annual basis all closed-out actions are reported to the ARMC through the Audit Log Report.

Overdue Actions

Where the original due date has passed and the action has not been implemented, the action is overdue. Where management requests amended due dates, the date is entered into the Audit Log Register and the status of the actions is updated either in-progress, on-hold or not commenced.

As part of the improvements made to the Audit Log Register overdue actions have been highlighted in pink with a count of days overdue added from the original due date to the end of the quarter. New amended due dates requested are presented in red, with a 'strikethrough' the changed date included.

At the end of quarter 4 reporting, 45 actions are overdue. Of these 33 are in progress, one has not commenced and 11 are on hold.

LEGISLATIVE COMPLIANCE

Local Government Act 1995 Section 7.1A

RISK ASSESSMENT

In accordance with the City's Risk Management Framework, the officer's recommendation has been assessed against the City's adopted risk tolerance. Comments are provided against each of the risk categories.

Officer's Recommendation	That Council receives the Audit Function Dashboard – Quarter 4. 2021/22 (Attachment 1) and the Audit Log Register (Attachment 2).		
Risk Category	Adopted Risk Appetite	Risk Assessment Outcome	
Strategic Direction	Moderate	Moderate	
Reputation	Low	Low	
Governance	Low	Low	
Community and Stakeholder	Moderate	Moderate	
Financial Management	Low	Low	
Environmental Responsibility	Low	Low	
Service Delivery	Low	Low	
Organisational Health and Safety	Low	Low	
Conclusion	Receiving updates on the City's Audit Log Register reduces the City's risk exposure by providing Council with up-to-date information about the City's progress against agreed actions.		

FINANCIAL IMPLICATIONS

The following financial implications are applicable:
Nil.

STRATEGIC IMPLICATIONS

In accordance with the City of Bayswater Strategic Community Plan 2021-2031, the following applies:

Theme: Leadership and Governance

Goal L4: Communicate in a clear and transparent way.

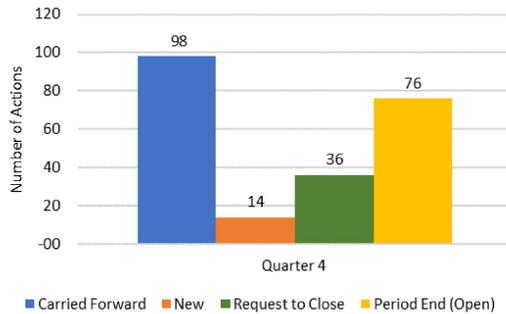
Provide the community with useful information about Council's policies, services and events and advise the community of engagement outcomes.

CONCLUSION

Actions arising from the City's internal and external audits are recorded and monitored within the City's Audit Log Register. Progress on the implementation of actions is reported on a quarterly basis to the Audit and Risk Management Committee and Council.

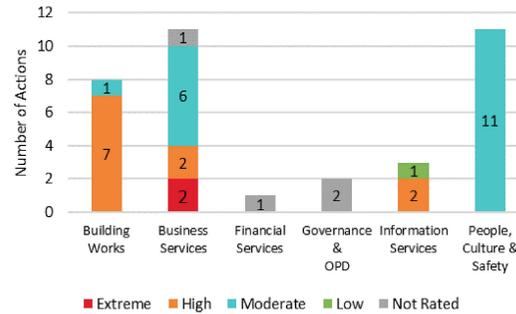
Audit Function Dashboard – Quarter 4.

Status of Actions by Quarter



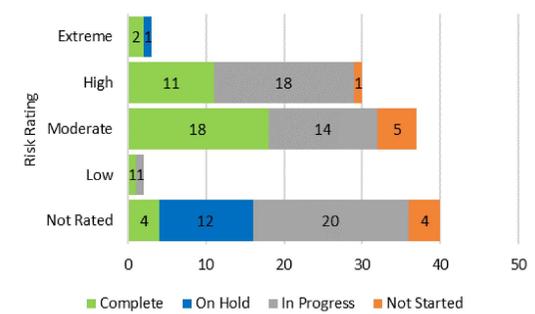
Quarter 4 opened with 98 action, 14 new action were added and 36 closed. 76 actions are open.

Actions Complete by Risk Rating



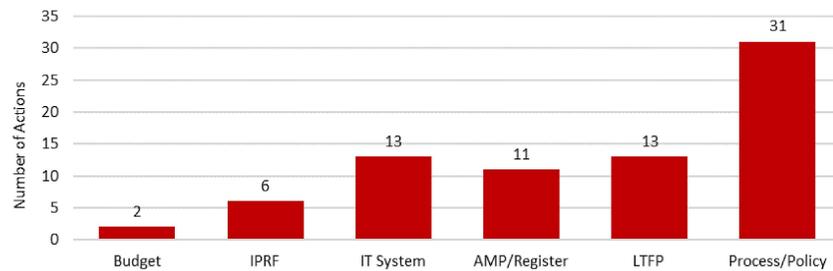
Management closed 36 actions this quarter.

Open Actions by Risk Rating



20 (26%) of the open actions are rated as Extreme or High. Implementation of these actions are progressing as intended.

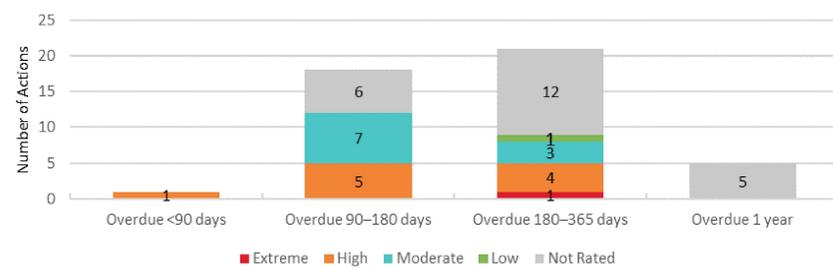
Open Actions by Recommendation



Open actions have been grouped into recommendation themes:

- 31 (40%) relate to process/policy development or improvement
- 13 (17%) relate to the Long Term Financial Plan
- 11 (14%) relate to development or completion of Asset Management Plans and Registers.

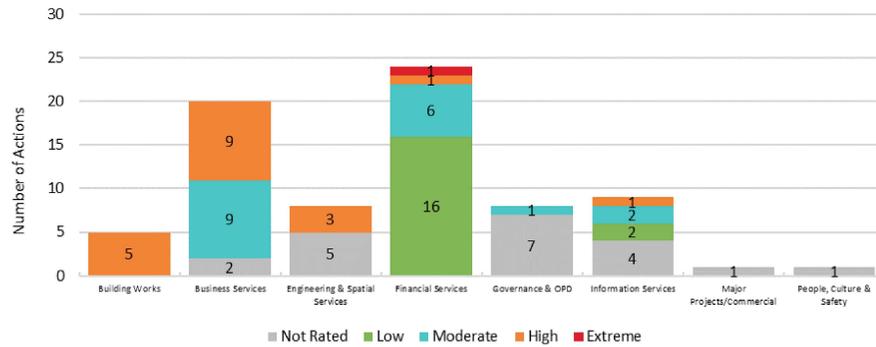
Open Actions Overdue



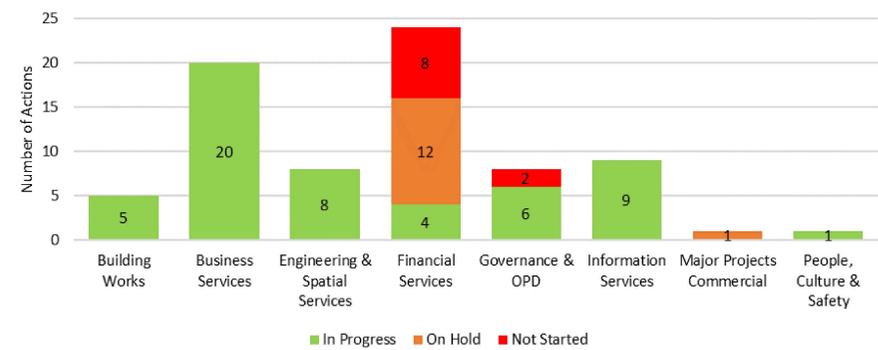
45 (59%) of actions have not been implemented by the original due date. All actions have amended due dates with a majority of the actions on track for completion by the revised (amended) due date.

Audit Function Dashboard – Quarter 4.

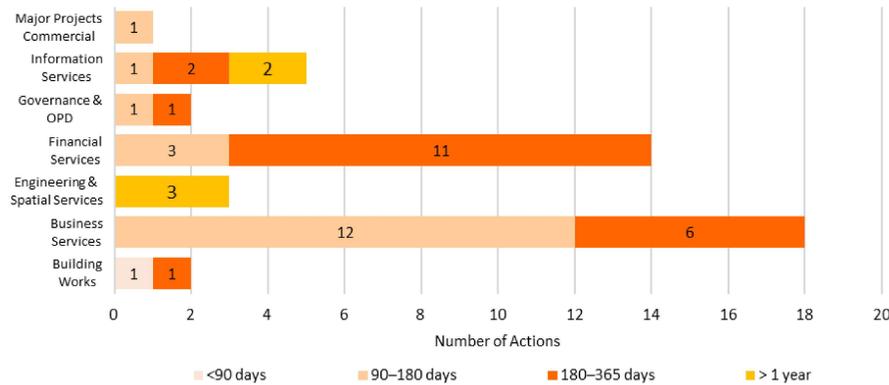
Action by Risk Rating - Branch



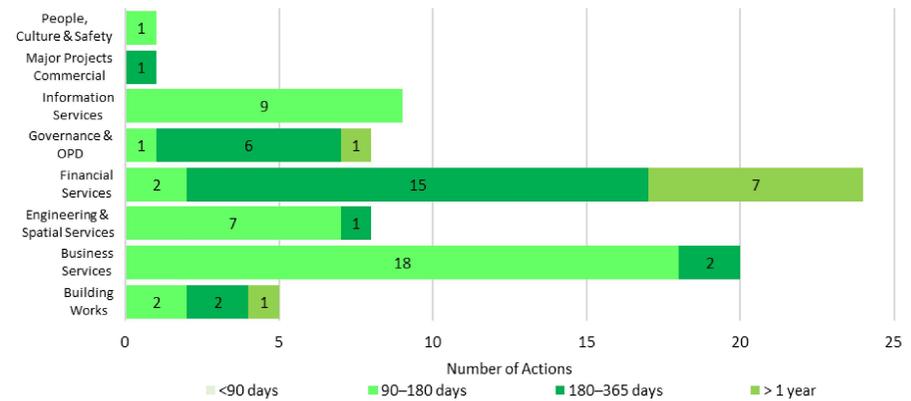
Action by Progress Status - Branch



Actions Overdue (days) - Branch



Actions Due (days) - Branch



8.5 Audit And Risk Management Committee Meeting Dates

Responsible Branch:	Office of the CEO
Responsible Directorate:	Office of the CEO
Authority/Discretion:	Executive/Strategic
Voting Requirement:	Simple Majority
Attachments:	Meeting Planner
Refer:	N/A

SUMMARY

Meeting dates for the Audit and Risk Management Committee (ARMC) for 2023 have been proposed to enable reports to be prepared and come before the ARMC prior to being considered by Council to meet deadlines specified by legislation.

The ARMC plays a key role assisting the City to fulfil its corporate governance and oversight responsibilities. In order to support the ARMC a Meeting Planner has been prepared, and provides ARMC members oversight of the proposed work program.

OFFICER'S RECOMMENDATION

That Council:

1. Endorses the proposed schedule of meeting dates for the Audit and Risk Management Committee.
2. Notes the Meeting Planner (Attachment 1) and that the corporate governance and oversight responsibilities of the Committee will increase as the City's audit function and governance frameworks mature.

PROCEDURAL MOTION

That this item be referred to the next Audit and Risk Management Committee.

Cr Filomena Piffaretti, Mayor Moved, Cr Josh Eveson Seconded

CARRIED UNANIMOUSLY: 5/0

For: Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Andrew Cox and Jillian Brazil.

Against: Nil.

REASON FOR CHANGE

Consideration of this item was referred to the next meeting of the Audit and Risk Management Committee so that the Committee could see the full meeting schedule before making a decision.

BACKGROUND

Local Government Operational Guidelines Number 09 - Audit in Local Government recommends Audit Committees meet at least quarterly. The Committee's Terms of Reference – Audit and Risk Management Committee requires the ARMC to meet as frequently as required, usually four times per year.

A list of ARMC meeting dates for 2023 is submitted for consideration.

EXTERNAL CONSULTATION

The Meeting Planner has been developed following good practice guidance from the Office of the Auditor General (WA), 2020. Western Australian Public Sector Audit Committees – Better Practice Guide and The Institute of Internal Auditors - Australia, 2022. Factsheet: Audit Committees.

OFFICER'S COMMENTS

Proposed ARMC dates for 2023 have been selected to ensure that there is adequate time to enable matters to be considered to meet known deadlines. This includes the compliance audit return, interim external audit report and annual financial statements and quarterly progress reporting.

Proposed meeting dates for 2023 are as follows:

Tuesday 14 February 2023

Tuesday 16 May 2023

Tuesday 15 August 2023

Tuesday 14 November 2023

A Tuesday, with a start time of 5:00pm is proposed in accordance with current practice. Council Concept Briefings are scheduled to occur every Tuesday, feedback from ARMC members is that this restricts the Committee to one-hour meetings, therefore the Committee may consider an alternative day to meet. It is recommended the Committee considers a Monday or a Wednesday meeting day.

Proposed dates will therefore change depend on the selected day, it is intended they will fall before or after the above proposed Tuesday dates.

To assist the ARMC schedule activities across the four meetings, a Meeting Planner has been prepared. The planner, which is intended as a guide only, is a snapshot of the types of governance and assurance activities the ARMC may cover over the year aligned with Terms of Reference – Audit and Risk Management Committee - Roles and Functions.

The Meeting Planner has adopted a minimalist approach as a starting point, as the City’s Internal Audit Function and Governance Frameworks continue to mature, it is expected that the corporate governance and oversight responsibilities of the Committee may increase.

LEGISLATIVE COMPLIANCE

Local Government Act 1995 Section 7.1A

RISK ASSESSMENT

In accordance with the City’s Risk Management Framework, the officer’s recommendation has been assessed against the City’s adopted risk tolerance. Comments are provided against each of the risk categories.

<p>Officer’s Recommendation</p>	<p>That Council:</p> <ol style="list-style-type: none"> 1. Endorses the proposed schedule of meeting dates for the Audit and Risk Management Committee. 2. Notes the Meeting Planner (<u>Attachment 1</u>) and that the corporate governance and oversight responsibilities of the Committee will increase as the City’s audit function and governance frameworks mature.
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Risk Category	Adopted Risk Appetite	Risk Assessment Outcome
Strategic Direction	Moderate	Low
Reputation	Low	Low
Governance	Low	Low
Community and Stakeholder	Moderate	Low
Financial Management	Low	Low
Environmental Responsibility	Low	Low
Service Delivery	Low	Low
Organisational Health and Safety	Low	Low
Conclusion	Proposed ARMC dates for 2023 have been selected to ensure that there is adequate time to enable matters to be considered to meet known deadlines. A Tuesday, with a start time of 5:00pm is proposed in accordance with current practice.	

FINANCIAL IMPLICATIONS

The following financial implications are applicable:

Nil.

STRATEGIC IMPLICATIONS

In accordance with the City of Bayswater Strategic Community Plan 2021-2031, the following applies:

Theme: Leadership and Governance

Goal L4: Communicate in a clear and transparent way.

Provide the community with useful information about Council's policies, services and events and advise the community of engagement outcomes.

CONCLUSION

Proposed ARMC dates for 2023 have been selected to ensure that there is adequate time to enable matters to be considered to meet known deadlines. This includes the compliance audit return, interim external audit report and annual financial statements and quarterly progress reporting.

To assist the ARMC schedule activities across the four meetings, a Meeting Planner has been prepared.

Audit and Risk Management Committee Annual Meeting Planner (Guide Only)
2023

January	February	March	April	May	June	July	August	September	October	November	December
↓					↓		↓		↓		
Meeting 1			Meeting 2			Meeting 3			Meeting 4		
<u>Standard Agenda Items</u> • Refer below <u>Other Agenda Items</u> • Compliance Audit Return • Integrity Strategy*			<u>Standard Agenda Items</u> • Refer below <u>Other Agenda Items</u> • Strategic risk review • Strategic Internal Audit Plan • Annual Internal Audit Program • Review and endorse appointment of External Member*			<u>Standard Agenda Items</u> • Refer below <u>Other Agenda Items</u> • Interim External Audit Visit for the Year End 30 June • Internal Audit Function Annual Report • Risk Management Framework Policy*			<u>Standard Agenda Items</u> • Refer below <u>Other Agenda Items</u> • Committee Meeting Dates • Internal Audit Charter* • Fraud and Corruption Control Policy* • Business Continuity Policy* • Annual Financial Report		
Standard Agenda – All Meetings											
1. Official Opening 2. Acknowledgement of Country 3. Attendance Apologies Approved Leave of Absence 4. Disclosure of Interest Summary 5. Delegated Authority by Council 6. Terms of Reference 7. Confirmation of Minutes 8. Reports 9. Previous Matters Dealt with not on the Agenda 10. General Business 11. Briefing Notes 12. Confidential Items 13. Next Meeting 14. Closure						<u>Standard Agenda Items</u> • Quarterly Reporting - Risk • Quarterly Reporting - Audit • Quarterly Reporting - Corporate Performance Reporting • Debtors Write-off <u>Other Agenda Items*</u> • Internal audit Internal Audit Program reports • External Oversight Agencies – CCC, OAG, PSC Comparison Reporting Internal Assurance reports • OAG Participant Reporting Audit reports * Presented as required for review.					

9 PREVIOUS MATTERS DEALT WITH NOT ON THE AGENDA

Nil.

10 GENERAL BUSINESS**10.1 2021/22 Audit Entry Update**

Ms Lorraine Driscoll, Director Corporate and Strategy provided a verbal update regarding the Audit Entry for 2021/2022.

10.2 Paxon Financial Review Update***MS JILLIAN BRAZIL DECLARED AN IMPARTIAL INTEREST***

In accordance with regulation 11 of the Local Government (Rules of Conduct) Regulations 2007, Ms Jillian Brazil declared an impartial interest in this item as she formerly worked for Paxon auditors. Ms Brazil remained in the Council Chambers for the update on this item.

Ms Lorraine Driscoll, Director Corporate and Strategy provided a verbal update regarding the Paxon Financial Review.

10.3 ERP Project Update

Ms Lorraine Driscoll, Director Corporate and Strategy provided a verbal update regarding the ERP Project.

11 BRIEFING NOTES

Nil.

COMMITTEE RESOLUTION

That the meeting be closed to the public.

Cr Filomena Piffaretti, Mayor Moved, Cr Josh Eveson Seconded

CARRIED UNANIMOUSLY: 5/0

For: *Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Andrew Cox and Jillian Brazil.*

Against: *Nil.*

At 5:45pm, the meeting closed to the public.

12 CONFIDENTIAL ITEMS

12.1 Annual Internal Audit Program 2022/23

Responsible Branch:	Governance and Organisational Strategy
Responsible Directorate:	Office of the CEO
Authority/Discretion:	Executive/Strategic
Voting Requirement:	Simple Majority
Attachments:	Annual Internal Audit Program 2022/23
Refer:	Item 8.1: ARMC 10.11.2020 Item 10.6.3.1: OCM 24.11.2020

REASON FOR CONFIDENTIALITY

This is a CONFIDENTIAL REPORT in accordance with section 5.23(2) of the Local Government Act 1995 (WA), which permits the meeting to be closed to the public for the business relating to:

- (e) a matter that if disclosed, would reveal —*
 - (iii) information about the business, professional, commercial or financial affairs of a person,*

COMMITTEE RECOMMENDATION TO COUNCIL **(OFFICER'S RECOMMENDATION)**

That the recommendation as contained in the "Confidential Report" be adopted.

Jillian Brazil Moved, Cr Josh Eveson Seconded

CARRIED UNANIMOUSLY: 5/0

For: *Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Andrew Cox and Jillian Brazil.*

Against: *Nil.*

12.2 Internal Audit - Bayswater Waves Aquatic Centre Review

Responsible Branch:	Governance and Organisational Strategy
Responsible Directorate:	Office of the CEO
Authority/Discretion:	Executive/Strategic
Voting Requirement:	Simple Majority
Attachments:	Bayswater Waves Aquatic Centre – Internal Audit
Refer:	Item 8.1: ARMC 10.11.2020 Item 10.6.3.1: OCM 24.11.2020

REASON FOR CONFIDENTIALITY

This is a CONFIDENTIAL REPORT in accordance with section 5.23(2) of the Local Government Act 1995 (WA), which permits the meeting to be closed to the public for the business relating to:

- (e) *a matter that if disclosed, would reveal —*
- (iii) *information about the business, professional, commercial or financial affairs of a person,*

COMMITTEE RECOMMENDATION TO COUNCIL
(OFFICER'S RECOMMENDATION)

That the recommendation as contained in the “Confidential Report” be adopted.

Cr Filomena Piffaretti, Mayor Moved, Cr Josh Eveson Seconded

CARRIED UNANIMOUSLY: 5/0

For: *Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Andrew Cox and Jillian Brazil.*

Against: *Nil.*

12.3 Internal Audit - Swimming Pool Inspections

Responsible Branch:	Governance and Organisational Strategy
Responsible Directorate:	Office of the CEO
Authority/Discretion:	Executive/Strategic
Voting Requirement:	Simple Majority
Attachments:	Swimming Pool Inspections - Internal Audit
Refer:	Item 8.1: ARMC 10.11.2020 Item 10.6.3.1: OCM 24.11.2020

REASON FOR CONFIDENTIALITY

This is a CONFIDENTIAL REPORT in accordance with section 5.23(2) of the Local Government Act 1995 (WA), which permits the meeting to be closed to the public for the business relating to:

- (e) *a matter that if disclosed, would reveal —*
- (iii) *information about the business, professional, commercial or financial affairs of a person,*

COMMITTEE RECOMMENDATION TO COUNCIL
(OFFICER'S RECOMMENDATION)

That the recommendation as contained in the "Confidential Report" be adopted.
Cr Filomena Piffaretti, Mayor Moved, Cr Josh Eveson Seconded

CARRIED UNANIMOUSLY: 5/0

For: *Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Andrew Cox and Jillian Brazil.*

Against: *Nil.*

COMMITTEE RESOLUTION

That the meeting be reopened to the public.

Cr Giorgia Johnson Moved, Cr Filomena Piffaretti, Mayor Seconded

CARRIED UNANIMOUSLY: 5/0

For: *Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Andrew Cox and Jillian Brazil.*

Against: *Nil.*

At 6:10pm, the meeting was reopened to the public.

13 NEXT MEETING

The next meeting of the Audit and Risk Management Committee will take place in the Committee Room, 61 Broun Avenue, Morley, on 6 December 2022 at 5:00pm.

14 CLOSURE

There being no further business to discuss, the Chairperson, Cr Giorgia Johnson, declared the meeting closed at 6:11pm.