



## AUDIT COMMITTEE MEETING

### AGENDA

6 DECEMBER 2021

**TABLE OF CONTENTS**

<b>1</b>	<b>DECLARATION OF OPENING.....</b>	<b>2</b>
<b>2</b>	<b>ATTENDANCE.....</b>	<b>2</b>
<b>3</b>	<b>ELECTION OF CHAIRPERSON.....</b>	<b>2</b>
<b>4</b>	<b>ELECTION OF DEPUTY CHAIRPERSON .....</b>	<b>2</b>
<b>5</b>	<b>CONFIRMATION OF PREVIOUS MINUTES.....</b>	<b>2</b>
<b>6</b>	<b>ITEMS FOR AUDIT COMMITTEE REVIEW.....</b>	<b>3</b>
	<i>AC112 EXIT MEETING OAG AND RSM .....</i>	<i>3</i>
	<i>AC113 REVIEW OF THE AUDIT COMMITTEE TERMS OF REFERENCE.....</i>	<i>7</i>
	<i>AC114 2020-21 ANNUAL FINANCIAL REPORT.....</i>	<i>10</i>
<b>7</b>	<b>GENERAL BUSINESS.....</b>	<b>13</b>
<b>8</b>	<b>MEETING CLOSURE .....</b>	<b>13</b>

**CITY OF GREATER GERALDTON**

**AUDIT COMMITTEE MEETING  
TO BE HELD ON TUESDAY 6 DECEMBER 2021 AT 2pm  
IN THE GREENOUGH ROOM – CIVIC CENTRE**

**A G E N D A**

**1 DECLARATION OF OPENING**

**2 ATTENDANCE**

Present:

Officers:

By Invitation:

Apologies:

Leave of Absence:

**3 ELECTION OF CHAIRPERSON**

**4 ELECTION OF DEPUTY CHAIRPERSON**

**5 CONFIRMATION OF PREVIOUS MINUTES**

Recommendation: That the minutes of the City of Greater Geraldton Audit Committee meeting held on 28 September 2021 as attached be accepted as a true and correct record of proceedings.



AUDIT COMMITTEE MEETING  
MINUTES

28 SEPTEMBER 2021

## TABLE OF CONTENTS

<b>1</b>	<b>DECLARATION OF OPENING.....</b>	<b>2</b>
<b>2</b>	<b>ATTENDANCE.....</b>	<b>2</b>
<b>3</b>	<b>CONFIRMATION OF PREVIOUS MINUTES.....</b>	<b>2</b>
<b>4</b>	<b>ITEMS FOR AUDIT COMMITTEE REVIEW.....</b>	<b>3</b>
	<i>AC103 INTERIM AUDIT REPORT 2020-21 .....</i>	<i>3</i>
	<i>AC104 PROGRESS REPORT - MANAGERMENTS ACTIONS ON AUDITS.....</i>	<i>6</i>
	<i>AC105 STRATEGIC INTERNAL AUDIT PLAN 2021-2025.....</i>	<i>10</i>
	<i>AC106 FINANCIAL MANAGEMENT SYSTEMS REVIEW 2021 .....</i>	<i>15</i>
	<i>AC107 CYBERSECURITY AND INFORMATION SECURITY.....</i>	<i>19</i>
	<i>AC108 WORK HEALTH &amp; SAFETY UPDATE .....</i>	<i>24</i>
	<i>AC109 APPLICATION OF COUNCIL POLICY 4.28 MANAGING UNREASONABLE CUSTOMER CONDUCT.....</i>	<i>29</i>
	<i>AC110 AUDIT REGULATION 17 REVIEW 2021 .....</i>	<i>33</i>
<b>5</b>	<b>COMPLIANCE REVIEW – STANDING ITEM.....</b>	<b>37</b>
	<i>AC111 AUDIT COMMITTEE ANNUAL REPORT TO COUNCIL.....</i>	<i>37</i>
<b>6</b>	<b>GENERAL BUSINESS.....</b>	<b>42</b>
<b>7</b>	<b>MEETING CLOSURE .....</b>	<b>42</b>

**CITY OF GREATER GERALDTON****AUDIT COMMITTEE MEETING  
TO BE HELD ON TUESDAY 28 SEPTEMBER 2021 AT 3.30PM  
IN THE GREENOUGH ROOM – CIVIC CENTRE****MINUTES****1 DECLARATION OF OPENING**

The meeting was declared open at 3.30pm by Chairman Mayor Van Styn.

**2 ATTENDANCE****Present:**

Mayor S Van Styn  
Cr T Thomas  
Cr N Colliver  
Cr D Caudwell

**Officers:**

R McKim, CEO  
P Radalj, Director Corporate and Commercial Services  
N Jane, Acting Chief Financial Officer  
B Pierce, Manager Corporate Compliance and Safety  
D Duff, Manager ICT Services  
M Adam, Coordinator Governance (*Minutes*)

**By Invitation:**

N/A

**Apologies:**

N/A

**Leave of Absence:**

N/A

**3 CONFIRMATION OF PREVIOUS MINUTES**

Recommendation: That the minutes of the City of Greater Geraldton Audit Committee meeting held on 31 May 2021 as attached be accepted as a true and correct record of proceedings.

**COMMITTEE DECISION**

**MOVED** Cr Thomas, **SECONDED** Cr Colliver

**That the minutes of the City of Greater Geraldton Audit Committee meeting held on 31 May 2021, as attached, be accepted as a true and correct record of proceedings.**

**CARRIED 4/0**

Signed \_\_\_\_\_ Dated \_\_\_\_\_

**4 ITEMS FOR AUDIT COMMITTEE REVIEW**

AC103 INTERIM AUDIT REPORT 2020-21

<b>AGENDA REFERENCE:</b>	<b>D-21-100250</b>
<b>AUTHOR:</b>	<b>N Jane, A/Chief Financial Officer</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate and Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>10 September 2021</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020</b>
<b>ATTACHMENTS:</b>	<b>Yes (x2) Confidential</b>
	<b>A. Interim Audit Results – Letter to CEO</b>
	<b>B. Interim Audit Results - Findings</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to present the findings of the Interim Audit for 2020-21, together with responses from Management for the Committee's review and endorsement.

**EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to recommend that Council:

1. RECEIVE the Interim Audit report for 2020-21; and
2. ENDORSE the Management Responses to those matters as contained within the report.

**PROPONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

The Interim Audit was conducted by RSM on behalf of the Office of the Auditor General (OAG). The interim audit was conducted from 8-11 June 2021. At the conclusion of this audit, a Management Letter and Findings Identified document were issued and are attached for the information of the audit committee.

**COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:****Community:**

There are no adverse community impacts.

**Economy:**

There are no adverse economic impacts.

**Environment:**

There are no adverse environmental impacts.

**Leadership:**

A review of the Management Letter and Findings for the interim audit allows the Audit Committee to fulfil its governance and oversight responsibilities in relation to the financial reporting of the City.

Signed \_\_\_\_\_ Dated \_\_\_\_\_

*Disclosure of Interest:*

No Officer involved in the preparation of this report has a declarable interest in this matter.

**RELEVANT PRECEDENTS:**

The Audit Committee received the 2019-20 Interim Audit report at their meeting on 27 January 2021 (AC093).

**COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no community/councillor consultation.

**LEGISLATIVE/POLICY IMPLICATIONS:**

*Local Government (Audit) regulations 1996*, section 16:

An audit committee has the following functions —

- (a) to guide and assist the local government in carrying out —
  - (i) its functions under Part 6 of the Act; and
  - (ii) its functions relating to other audits and other matters related to financial management;
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- (f) to oversee the implementation of any action that the local government —
  - (i) is required to take by section 7.12A(3); and
  - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.

**FINANCIAL AND RESOURCE IMPLICATIONS:**

Provision is made each year in the budget for the interim and annual financial audits conducted by the Office of the Auditor General.

**INTEGRATED PLANNING LINKS:**

<b>Strategic Direction: Leadership</b>	<b>Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.</b>
Outcome 4.2	Decision making is ethical, informed and inclusive
Outcome 4.3	Accountable leadership supported by a skilled and professional workforce

Signed \_\_\_\_\_ Dated \_\_\_\_\_



Outcome 4.4	Healthy financial sustainability that provides capacity to respond to changes in economic conditions and community priorities
Outcome 4.7	Council understands its roles and responsibilities and leads by example

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT:**

Findings outlined in the management letter have been assigned a risk rating by the Office of Auditor General. These ratings are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. Consideration is given to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

Management have provided responses to each of the findings.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:**

No alternative options were considered by City officers.

**COMMITTEE DECISION**

**MOVED** Cr Colliver, **SECONDED** Cr Thomas

**That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to recommend that Council:**

- 1. RECEIVE the Interim Audit report for 2020-21; and**
- 2. ENDORSE the Management Responses to those matters as contained within the report.**

**CARRIED 4 /0**

Signed \_\_\_\_\_ Dated \_\_\_\_\_

AC104	PROGRESS REPORT - MANagements ACTIONS ON AUDITS
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<b>AGENDA REFERENCE:</b>	<b>D-21-100332</b>
<b>AUTHOR:</b>	<b>N Jane, A/Chief Financial Officer</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate &amp; Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>10 September 2021</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020</b>
<b>ATTACHMENTS:</b>	<b>Yes (x1) Confidential Management Actions on Audits – September 2021</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to provide an update on management actions resulting from various audits.

**EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. RECEIVE the Progress Report on management actions related to audits.

**PROPONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

This report provides an update on actions arising from audits and progress made since the report provided to the Committee in January 2021. The updated schedule includes actions resulting from the Financial Management Systems Review and Audit Regulation 17 Review undertaken in June 2021.

**COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:****Community:**

There are no adverse community impacts.

**Economy:**

There are no adverse economic impacts.

**Environment:**

There are no adverse environmental impacts.

**Leadership:**

Monitoring the actions resulting from various audits allows the Audit Committee to fulfil its governance and oversight responsibilities.

*Disclosure of Interest:*

No Officer involved in the preparation of this report has a declarable interest in this matter.

**RELEVANT PRECEDENTS:**

AC100 – Management Actions on Internal Audit – 27 January 2021

Signed \_\_\_\_\_ Dated \_\_\_\_\_

AC088 – Management Actions on Internal Audits – 2 December 2019

AC078 – Management Actions on Internal Audits – 12 March 2019

**COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no community/councillor consultation.

**LEGISLATIVE/POLICY IMPLICATIONS:**

*Local Government (Audit) regulations 1996*, section 16:

An audit committee has the following functions —

(a) to guide and assist the local government in carrying out —

(i) its functions under Part 6 of the Act; and

(ii) its functions relating to other audits and other matters related to financial management;

(b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;

(c) to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —

(i) report to the council the results of that review; and

(ii) give a copy of the CEO's report to the council;

(d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —

(i) regulation 17(1); and

(ii) the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);

(e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;

(f) to oversee the implementation of any action that the local government —

(i) is required to take by section 7.12A(3); and

(ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and

(iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and

(iv) has accepted should be taken following receipt of a report of a review conducted under the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);

(g) to perform any other function conferred on the audit committee by these regulations or another written law.

Signed \_\_\_\_\_ Dated \_\_\_\_\_

*Local Government (Audit) regulations 1996, section 17:*

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

*Local Government (Financial Management) regulations 1996, section 5:*

- (1) Efficient systems and procedures are to be established by the CEO of a local government —
  - (a) for the proper collection of all money owing to the local government; and
  - (b) for the safe custody and security of all money collected or held by the local government; and
  - (c) for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process); and
  - (d) to ensure proper accounting for municipal or trust —
    - (i) revenue received or receivable; and
    - (ii) expenses paid or payable; and
    - (iii) assets and liabilities;and
  - (e) to ensure proper authorisation for the incurring of liabilities and the making of payments; and
  - (f) for the maintenance of payroll, stock control and costing records; and
  - (g) to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.
- (2) The CEO is to —
  - (a) ensure that the resources of the local government are effectively and efficiently managed; and
  - (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and
  - (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial

Signed \_\_\_\_\_ Dated \_\_\_\_\_

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years) and report to the local government the results of those reviews.

**FINANCIAL AND RESOURCE IMPLICATIONS:**

There are no financial or resource implications.

**INTEGRATED PLANNING LINKS:**

<b>Strategic Direction: Leadership</b>	<b>Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.</b>
Outcome 4.2	Decision making is ethical, informed and inclusive
Outcome 4.3	Accountable leadership supported by a skilled and professional workforce
Outcome 4.4	Healthy financial sustainability that provides capacity to respond to changes in economic conditions and community priorities.
Outcome 4.7	Council understands its roles and responsibilities and leads by example

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT:**

Findings outlined in audit reports are assigned a risk rating. These ratings are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. Preparation of a schedule of management actions and reporting progress to the Audit Committee ensures findings are appropriately addressed.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:**

No alternative options were considered by City officers.

**COMMITTEE DECISION**

**MOVED** Cr Colliver, **SECONDED** Cr Thomas

**That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:**

- 1. RECEIVE the Progress Report on management actions related to audits.**

**CARRIED 4/0**

Signed \_\_\_\_\_ Dated \_\_\_\_\_

AC105	STRATEGIC INTERNAL AUDIT PLAN 2021-2025
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<b>AGENDA REFERENCE:</b>	<b>D-21-100111</b>
<b>AUTHOR:</b>	<b>N Jane, A/Chief Financial Officer</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate and Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>10 September 2021</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020</b>
<b>ATTACHMENTS:</b>	<b>Yes (x1) Confidential Strategic Internal Audit Plan 2021-2025</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to seek endorsement of the draft Strategic Internal Audit Plan for 2021-2025. The key purpose of the plan is to ensure the implementation and establishment of adequate control systems, appropriate risk management and governance procedures to meet the City's objectives and statutory requirements.

**EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. ENDORSE the Strategic Internal Audit Plan for 2021-2025 as presented; and
2. REQUEST an update on progress at the next Audit Committee meeting.

**PROONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

Internal audit provides independent, objective assurance over an organisation's risk management, internal control, governance and the processes in place for ensuring effectiveness, efficiency and economy.

In 2017, a Strategic Internal Audit Plan 2017-2021 was endorsed to ensure we meet the statutory requirement to conduct regular reviews as required by Local Government (Financial Management) Regulation 5 and Local Government (Audit) Regulation 17 and to review specific processes and controls as identified in the Plan.

In October 2020 the Audit Committee endorsed the development of a new Strategic Internal Audit Plan 2021-2025. A Request for Quote was issued to the WALGA Preferred Supplier Panel PSP004-02 Compliance and Audit Services on 6 April 2021 and closed on 27 April 2021. Five responses were received and evaluated on relevant experience, key personnel skills and experience, respondent's resources, demonstrated understanding and price. The successful respondent was AMD Chartered Accountants.

Signed \_\_\_\_\_ Dated \_\_\_\_\_

A draft Strategic Internal Audit Plan 2021-2025 has been prepared and is presented in the attachment.

**COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:**

**Community:**

There are no adverse community impacts. Implementing this plan will assist in ensuring we are accountable for our actions to the community.

**Economy:**

There are no adverse economic impacts.

**Environment:**

There are no adverse environmental impacts.

**Leadership:**

The Audit Committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to risk management, internal controls, and legislative compliance. The Strategic Internal Audit Plan outlines the required and proposed actions over the period of the plan.

*Disclosure of Interest:*

No Officer involved in the preparation of this report has a declarable interest in this matter.

**RELEVANT PRECEDENTS:**

The Audit Committee endorsed the proposed scope of the Strategic Internal Audit Plan 2021-2025 at the meeting on 27 January 2021 (AC095) and endorsed the previous Strategic Internal Audit Plan 2017-2021 at the meeting on 21 February 2017 (AC051).

**COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no community/councillor consultation.

**LEGISLATIVE/POLICY IMPLICATIONS:**

*Local Government (Audit) regulations 1996, section 16:*

An audit committee has the following functions —

- (a) to guide and assist the local government in carrying out —
  - (i) its functions under Part 6 of the Act; and
  - (ii) its functions relating to other audits and other matters related to financial management;
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;
- (c) to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —
  - (i) report to the council the results of that review; and
  - (ii) give a copy of the CEO's report to the council;

Signed \_\_\_\_\_ Dated \_\_\_\_\_

- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
  - (i) regulation 17(1); and
  - (ii) the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- (f) to oversee the implementation of any action that the local government —
  - (i) is required to take by section 7.12A(3); and
  - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and
  - (iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and
  - (iv) has accepted should be taken following receipt of a report of a review conducted under the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.

*Local Government (Audit) regulations 1996, section 17:*

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

*Local Government (Financial Management) regulations 1996, section 5:*

- (1) Efficient systems and procedures are to be established by the CEO of a local government —
  - (a) for the proper collection of all money owing to the local government; and
  - (b) for the safe custody and security of all money collected or held by the local government; and
  - (c) for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process); and

Signed \_\_\_\_\_ Dated \_\_\_\_\_



- (d) to ensure proper accounting for municipal or trust —
    - (i) revenue received or receivable; and
    - (ii) expenses paid or payable; and
    - (iii) assets and liabilities;
 and
  - (e) to ensure proper authorisation for the incurring of liabilities and the making of payments; and
  - (f) for the maintenance of payroll, stock control and costing records; and
  - (g) to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.
- (2) The CEO is to —
- (a) ensure that the resources of the local government are effectively and efficiently managed; and
  - (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and
  - (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

#### **FINANCIAL AND RESOURCE IMPLICATIONS:**

Provision is made in the budget to undertake reviews as required.

#### **INTEGRATED PLANNING LINKS:**

<b>Strategic Direction: Leadership</b>	<b>Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.</b>
Outcome 4.2	Decision making is ethical, informed and inclusive
Outcome 4.3	Accountable leadership supported by a skilled and professional workforce
Outcome 4.4	Healthy financial sustainability that provides capacity to respond to changes in economic conditions and community priorities.
Outcome 4.7	Council understands its roles and responsibilities and leads by example

#### **REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

Signed \_\_\_\_\_ Dated \_\_\_\_\_

**RISK MANAGEMENT:**

Preparation and implementation of a Strategic Internal Audit Plan assists with ensuring we meet the requirements of Audit Regulation 17 and Financial Management Regulation 5.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:**

No alternative options were considered.

**COMMITTEE DECISION**

**MOVED** Cr Colliver **SECONDED** Cr Thomas

**That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:**

- 1. ENDORSE the Strategic Internal Audit Plan for 2021-2025 as presented; and**
- 2. REQUEST an update on progress at the next Audit Committee meeting.**

**CARRIED 4/0**

Signed \_\_\_\_\_ Dated \_\_\_\_\_

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AC106	FINANCIAL MANAGEMENT SYSTEMS REVIEW 2021
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<b>AGENDA REFERENCE:</b>	<b>D-21-100064</b>
<b>AUTHOR:</b>	<b>N Jane, A/Chief Financial Officer</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate and Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>10 September 2021</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020</b>
<b>ATTACHMENTS:</b>	<b>Yes (x1) Confidential</b>
	<b>Financial Management Systems Review</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to present to the Audit Committee the Financial Management Systems Review 2021.

**EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. RECEIVE the Financial Management Systems Review 2021
2. ENDORSE actions taken or proposed to be taken by staff to resolve items identified in the report; and
3. REQUIRE progress updates on implementation of the proposed management actions at the next Audit Committee Meeting.

**PROPONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

In accordance with Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996, local government CEO's are to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government not less than once in every three financial years and report to the local government the results of those reviews.

AMD Chartered Accountants were engaged to undertake the review in June 2021. Their report is attached.

**COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:****Community:**

There are no adverse community impacts. Undertaking this review ensures that we are accountable for our actions to the community.

**Economy:**

There are no adverse economic impacts.

**Environment:**

There are no adverse environmental impacts.

Signed \_\_\_\_\_ Dated \_\_\_\_\_

**Leadership:**

The Audit Committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting.

*Disclosure of Interest:*

No Officer involved in the preparation of this report has a declarable interest in this matter.

**RELEVANT PRECEDENTS:**

The Audit Committee regularly reviews reports relating to the auditing processes of the City. The previous Financial Management Systems Review was presented to the Audit Committee on 12 March 2019 – AC075.

**COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no consultation.

**LEGISLATIVE/POLICY IMPLICATIONS:**

*Local Government (Audit) regulations 1996, section 16:*

An audit committee has the following functions —

- (a) to guide and assist the local government in carrying out —
  - (i) its functions under Part 6 of the Act; and
  - (ii) its functions relating to other audits and other matters related to financial management;
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;
- (c) to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —
  - (i) report to the council the results of that review; and
  - (ii) give a copy of the CEO's report to the council;
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
  - (i) regulation 17(1); and
  - (ii) the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- (f) to oversee the implementation of any action that the local government —
  - (i) is required to take by section 7.12A(3); and
  - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and

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

*Local Government (Financial Management) regulations 1996, section 5:*

- (1) Efficient systems and procedures are to be established by the CEO of a local government —
  - (a) for the proper collection of all money owing to the local government; and
  - (b) for the safe custody and security of all money collected or held by the local government; and
  - (c) for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process); and
  - (d) to ensure proper accounting for municipal or trust —
    - (i) revenue received or receivable; and
    - (ii) expenses paid or payable; and
    - (iii) assets and liabilities;and
  - (e) to ensure proper authorisation for the incurring of liabilities and the making of payments; and
  - (f) for the maintenance of payroll, stock control and costing records; and
  - (g) to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.
- (2) The CEO is to —
  - (a) ensure that the resources of the local government are effectively and efficiently managed; and
  - (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and
  - (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

**FINANCIAL AND RESOURCE IMPLICATIONS:**

Provision was made in the budget to undertake this required review.

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**INTEGRATED PLANNING LINKS:**

<b>Strategic Direction: Leadership</b>	<b>Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.</b>
Outcome 4.2	Decision making is ethical, informed and inclusive
Outcome 4.3	Accountable leadership supported by a skilled and professional workforce
Outcome 4.4	Healthy financial sustainability that provides capacity to respond to changes in economic conditions and community priorities
Outcome 4.7	Council understands its roles and responsibilities and leads by example

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT:**

Undertaking a Financial Management Systems Review is a statutory compliance requirement for local governments and requires a report to the Audit Committee and Council at least once every three financial years. This review assesses the adequacy and effectiveness of systems and controls. It identifies and evaluates the level of risk exposure and recommends actions for improvement.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:**

No alternatives have been considered.

**COMMITTEE DECISION**

**MOVED** Cr Colliver, **SECONDED** Cr Caudwell

**That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:**

- 1. RECEIVE the Financial Management Systems Review 2021**
- 2. ENDORSE actions taken or proposed to be taken by staff to resolve items identified in the report; and**
- 3. REQUIRE progress updates on implementation of the proposed management actions at the next Audit Committee Meeting.**

**CARRIED 4/0**

Signed \_\_\_\_\_ Dated \_\_\_\_\_

AC107	CYBERSECURITY AND INFORMATION SECURITY
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<b>AGENDA REFERENCE:</b>	<b>D-21-098408</b>
<b>AUTHOR:</b>	<b>D Duff, Manager ICT Services</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate and Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>September 2021</b>
<b>FILE REFERENCE:</b>	<b>D-21-098408</b>
<b>ATTACHMENTS:</b>	<b>Yes 2 x Confidential</b>
	<b>A. RSM IT Audit – Factual Validation V1.0</b>
	<b>B. Audit Management Letter</b>

**EXECUTIVE SUMMARY:**

Frequent internal and external Information Communication and Technology (ICT) and financial systems audits, along with ICT security testing have highlighted gaps in the City's Cybersecurity and Information Security posture and its ability to respond to cyber threats and recover from incidents.

The aforementioned audits and testing reports are:

- **2017 Penetration and Vulnerability Assessment** aimed to test the resilience of the external facing network attack surface, internal vulnerable systems and services, and 'hardness' of the Windows Standard Operating Environment.
- **2017 Information Technology Internal Audit Report**, requested by the City to audit the procedures and items within the 2016-2021 Strategic Internal Audit Plan.
- **2020 Financial Systems Internal Audit**, reviews the appropriateness and effectiveness of the financial management systems and procedures.
- **2020 Penetration and Vulnerability Assessment** aimed to test the resilience of the external facing network attack surface, internal vulnerable systems and services, validation of network segmentation controls, and assessment of City websites.
- **2021 Information Technology Internal Audit**, requested by the City to audit a large range of IT processes and controls to validate their effectiveness.
- **2021 Office of the Auditor General (OAG) Performance Audit**, initiated by the Auditor General to audit the state of cybersecurity in local government, such as security controls and the capacity to respond cyber threats.

Actions so far completed or planned, as a consequence of these audits and reports are detailed in the background section of this report.

In recognition of these gaps in its Cybersecurity posture, and its ability to respond to increased cybersecurity threats, the City has also prioritised resources to implement a Cybersecurity function and framework. Such a

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framework will encompass controls to better identify, protect, detect, respond and recover from Cybersecurity incidents going forward.

The purpose of this report is to update the Audit Committee on actions so far completed and planned, which are a result of findings from these audits and tests as well as internally identified risks, to uplift the City's Cybersecurity & Information Security posture and reduce risk.

In addition, the purpose of this report is to update the Audit Committee on the establishment of a Cybersecurity function and framework to meet the ongoing and persistent threat that bad actors, intent on causing disruption, pose to the organisation.

#### **EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. NOTE the actions completed and planned to uplift the City's Cybersecurity & Information Security posture and reduce IT risk.
2. NOTE the City of Greater Geraldtons establishment of a Cybersecurity function and development of a Cybersecurity framework.

#### **PROPOSER:**

The proposer is the City of Greater Geraldton.

#### **BACKGROUND:**

The City undergoes frequent Information Communication & Technology (ICT) and financial systems audits as well as independent ICT network & systems security testing which highlight gaps in the City's information security posture. In addition, it receives alerts and notifications for action from the Australian Cyber Security Centre (ACSC) of global and local Cybersecurity threats and is active in the ACSC community, amongst others.

The following is a list of completed, ongoing, in-progress and so far planned actions to increase the City's cybersecurity posture.

#### **COMPLETED OR ONGOING ACTIONS**

- Developed the ICT Strategic Plan 2021-2024. Endorsed by the Executive Management Team in April 2020.
- Developed the Cybersecurity Incident Response Plan (CIRP) to respond and recover from security events. Endorsed by the EMT in March 2021
- Enforced minimum 15-character pass phrases on all user, system, and service accounts
- Developed an internal user account and password management standard
- Implemented multi-factor authentication (MFA) for external access to the internal network

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- Developed a Remote Access operational policy and revised other operational policies where required
- Completed an Information Security Risk Assessment on the Geraldton Airport, prioritised risks and implemented treatments
- Upgraded Email Gateway/Filtering and applied assurance protocols to incoming and outgoing emails
- Re-introduced staff security awareness training (SAT) and simulated phishing campaigns
- Reviewed the use of privileged service accounts and aligned accounts with the methodology of least privilege
- Restricted the use of USB storage devices on City computers
- Developed guidelines for staff to work securely from home
- Entered into a memorandum of Understanding (MoU) with Geraldton Regional TAFE to assist with uplifting the cybersecurity posture of the region

### **IN-PROGRESS or PLANNED ACTIONS**

- Develop a Cybersecurity Strategy/Framework
- Develop Information Security Policies, Standards, and Guidelines
- Perform annual network wide Information Security Risk Assessment and prioritise risks for treatment
- Conduct annual Penetration and Vulnerability Assessment and prioritise vulnerabilities for treatment
- Implement a Security Information and Event Management (SIEM) system to capture, parse and alert on security logs
- Implement a vulnerability management system to proactively detect and respond to vulnerable systems and services
- Implement privileged access management (PAM) to reduce the risk these accounts introduce by way of 'just in time' provisioning and management oversight
- Review and strengthen data backup procedures to protect from malicious activity
- Test the CIRP for effectiveness and apply improvements
- Review and update the ICT risk register to align with current and emergent risks, current controls and future treatments
- Improve system patch management processes
- Expand the use of MFA to include more systems, services and users

During the previous 12 months, as a corporate priority, the City has initiated and applied additional resources to the implementation of an effective Cybersecurity framework, policies, procedures, and systems to apply best practice in cyber and information security and to provide adequate information systems and technology protection and resilience.

In its establishment of a cybersecurity framework the City has, and will continue to be, guided by the following frameworks, standards and policies;

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- National Institute of Standards and Technology (NIST) Cybersecurity Framework
- Australian Signals Directorate (ASD) Essential 8
- AS/NZS 31000:2018 Risk Management – Principles and Guidelines
- AS/ISO 27001-2015 Information Technology Security Techniques - Information Security Management Systems Requirements
- AS/ISO 27005-2012 Information Technology Security Techniques - Information Security Risk Management
- CGG Risk Management Framework 2018
- Council Policy 4.7 Risk Management v3
- Council Policy 4.24 Risk Appetite and Tolerance v2

Future audits, security testing and internal reports will reflect the City's commitment to Cybersecurity and validate its matured capability to better identify, protect, detect, respond and recover from Cybersecurity incidents.

### **COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:**

#### **Community:**

The establishment of a cybersecurity function and associated framework of systems, controls, policy and processes provides the community with assurance that their information is kept private and secure.

#### **Economy:**

To partner with local providers to uplift cybersecurity capabilities within the region will assist to maintain a resilient economy due to the flow on effect to businesses.

#### **Environment:**

There are no adverse environmental impacts.

#### **Leadership:**

The establishment of a cybersecurity function and associated framework of systems, controls, policy and processes provides for good governance of enterprise IT and ensures the City can better protect itself from a cybersecurity incident and continue business as usual.

### **RELEVANT PRECEDENTS:**

There are no relevant precedents.

### **COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no community/councillor consultation.

### **LEGISLATIVE/POLICY IMPLICATIONS:**

The remediation or mitigation of vulnerabilities, along with the implementation of security controls, addresses past audit and test findings and highlights the City's commitment to cyber and information security.

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**FINANCIAL AND RESOURCE IMPLICATIONS:**

Financial and resource implications as the Cybersecurity program develops and matures is not yet known. However, ongoing risk assessments (annual and per project) will ensure the cost of treatments and controls never outweigh the cost of the consequence should that risk eventuate.

**INTEGRATED PLANNING LINKS:**

<b>Strategic Direction: Leadership</b>	<b>Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.</b>
Outcome 4.7	Council understands its roles and responsibilities and leads by example
Outcome 4.8	Deliver secured technology that supports sustainability, the environment, service delivery and the community

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT:**

The establishment of a Cybersecurity function and associated framework of systems, controls, policy and processes is to manage Cyber risk.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:**

No alternative options were considered. This report seeks to update the committee on the City's progress to better identify, protect, detect, respond and recover from Cybersecurity incidents.

**COMMITTEE DECISION**

**MOVED** Cr Thomas, **SECONDED** Cr Caudwell

**That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:**

- 1. NOTE the actions completed and planned to uplift the City's Cybersecurity & Information Security posture and reduce IT risk.**
- 2. NOTE the City of Greater Geraldtons establishment of a Cybersecurity function and development of a Cybersecurity framework.**

**CARRIED 4/0**

Signed \_\_\_\_\_ Dated \_\_\_\_\_

<b>AC108 WORK HEALTH &amp; SAFETY UPDATE</b>
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<b>AGENDA REFERENCE:</b>	<b>D-21-096116</b>
<b>AUTHOR:</b>	<b>B Pearce, Manager Corporate Compliance &amp; Safety</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate &amp; Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>03 September 2021</b>
<b>FILE REFERENCE:</b>	<b>RM/6/0012</b>
<b>ATTACHMENTS:</b>	<b>Yes (x1) Safety Management System Document Control Register</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to update the Audit Committee of the status of the City of Greater Geraldton safety management system ahead of the anticipated implementation of the Work Health & Safety legislation in January 2022.

**EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. ACKNOWLEDGE receipt of the Internal Audit Safety Management Systems report:
2. REQUIRE the status of the Internal Audit Safety Management Systems Improvement Action Plan to be provided to the Audit Committee.

**PROONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:****Work Health & Safety Legislation:**

In November of 2020, the Work Health & Safety Act was enacted in WA. This was the first step in the implementation of harmonised safety legislation in WA. As the regulations supporting the WHS Act have not yet been enacted, the Occupational Safety & Health Act and Regulations are in operation in WA.

Worksafe WA in August 2021 issued an industry update confirming that the WHS regulations are scheduled for implementation in January 2022. At the time of this report, the City's understanding is that WHS full legislation will go live at this time with no grace period.

As detailed in AC091 there are significant changes brought about by the transition from OSH to WHS. These changes are summarised as follows.

WHS requirements	Implication for the City
PCBU	The term employee under WHS has been replaced by the broader term Person conducting a business or undertaking (PCBU).

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Officer Due Diligence	<p>WHS outlines six core elements that officers under the Act must proactively manage, summarised as follows.</p> <ol style="list-style-type: none"> <li>1. Acquire and keep up-to-date knowledge of WHS matters beyond the workplace;</li> <li>2. Understand the nature of the operations of the organisation and the hazards and risks associated with those operations;</li> <li>3. Ensure appropriate resources and processes are available for use and are actually used, to eliminate or minimise risks;</li> <li>4. Provide appropriate processes to obtain information regarding incidents, hazards and risks and ensure response in a timely way to that information;</li> <li>5. Implement a process for ensuring ongoing legal compliance with all duties; and</li> <li>6. Verify the provision and use of these resources and processes</li> </ol>
Worker	<p>In place of the OSH defined employee WHS has expanded this to be Worker.</p> <p>A Worker is any person who carries out work for a PCBU, including work as an employee, contractor, subcontractor, self-employed person, outworker, apprentice or trainee, work experience student, an employee of a labour-hire company placed with a 'host employer' and <b>volunteers</b>.</p>
Volunteers	<p>Volunteers are deemed to be Workers under the new WHS laws and are owed a primary duty of care by a PCBU i.e. volunteers are to be treated the same as a paid worker.</p>
Duty to all people affected by the work	<p>The type of people owed a duty under the proposed new WHS laws by PCBU's and other duty holders, is broadened from 'employees' to 'workers' and other 'people affected by the work'.</p> <p>This includes all directly employed and indirectly engaged workers. It also includes customers, patrons, residents, tenants, students, visitors, spectators, and passers-by.</p>
Increased consultation requirements	<p>Increased internal and external organisational WHS consultation requirements. This includes Volunteers and Contractor consultation obligations which they require PCBU's with common interests, to 'consult, cooperate and coordinate' in relation to health and safety matters.</p>
Inability to insure or contract out liability	<p>Prohibited from purchasing insurance to pay a WHS fine or liability. This would require the PCBU or the individual to incur fines directly.</p>
Increase of Penalties	<p>Penalties under WHS have increased, with breaches of a health and safety duty ranging from to \$570,000 to \$3.5 million for a corporation and for an individual \$120,000 to \$680,000 and imprisonment for 5 years.</p>
Industrial manslaughter provisions	<p>Industrial manslaughter provisions state individuals being liable for a maximum fine of \$5,000,000 and/or up to 20 years imprisonment and corporations for a maximum fine of \$10,000,000.</p>

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**Safety Management System:**

The City as detailed previously in AC091, the City over the last 12 months has been developing a WHS aligned safety management system. As an example and per attached Document Control Register significant work has been undertaken in developing the system which in summary is structured as follows:

- Policy – Strategic safety directions.
- Plan – Details the implementation of safety management.
- Procedures –Detailed directions on specific safety activities detailed in the plan.
- Templates – templates used to document a safety activity.

This system following completion had a phased implementation during 2020 – 2021. To ensure the suitability of the City’s safety management systems, a full internal audit of safety was undertaken. This audit made use of the Worksafe WA Worksafe plan audit tool. This audit tool is used by Worksafe WA to determine the effectiveness of an organisations safety system. The internal desktop audit has identified a number of areas requiring improvement. A draft improvement action plan to address issues with the City’s management of the system has been developed and is currently under review by EMT. This improvement action plan in summary will:

- ensure all staff understand the safety system; and
- ensure the safety system is practiced by staff.

The primary method of ensuring staff understand the City’s safety systems will be completed during the national safe work month (October 2021). This will have all staff complete a full induction of the City’s safety management plan. Following this induction process, managers and the City’s safety teams shall follow up and ensure that the safety system is imbedded in City operations.

The City’s safety committee (which includes CEO, Directors, managers and safety representatives from across City operations) shall ensure the successful implementation of the safety management plan in conjunction with ensuring completion of the improvement action plan.

**COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:****Community:**

Volunteers from the community who are involved in Council based activities are deemed to be Workers under the new WHS laws and are to be managed and treated the same as a paid worker.

**Economy:**

The cost of compliance with WHS will affect the City, local businesses and community associations. This will be due to the increase in administration for all who must proactively manage and document effective safety management.

**Environment:**

There are no adverse environmental impacts.

Signed \_\_\_\_\_ Dated \_\_\_\_\_

**Leadership:**

Effective safety management under WHS requires the establishment of robust safe systems of work. The City's implementation of the WHS compliant Safety Management System shall ensure effective management and government of the City's safety.

*Disclosure of Interest:*

No Officer involved in the preparation of this report has a declarable interest in this matter.

**RELEVANT PRECEDENTS:**

The Audit Committee previously considered WHS on 03 March 2020, AC091

**COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no community/councillor consultation.

**LEGISLATIVE/POLICY IMPLICATIONS:**

Occupational Safety & Health Act 1984  
Occupational Safety & Regulation 1996  
Work Health & Safety Act 2020  
Operational Policy OP041 Occupational Health & Safety  
City of Greater Geraldton Safety Management Plan  
City of Greater Geraldton Safety Management System

**FINANCIAL AND RESOURCE IMPLICATIONS:**

The implementation and ongoing management of the new WHS requirements will require the application of additional resources to meet compliance obligations.

In addition, as WHS requires that the City ensure the safety of all workers (including volunteers & contractors) this will require significant resourcing to ensure these categories of workers are managed in accordance with WHS requirements.

**INTEGRATED PLANNING LINKS:**

<b>Strategic Direction: Leadership</b>	<b>Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.</b>
Outcome 4.3	Accountable leadership supported by a skilled and professional workforce
Outcome 4.5	A culture of safety, innovation and embracing change

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT:**

The implementation of the WHS aligned Safety Management Plan and System is a critical risk management and compliance control for the City.

Signed \_\_\_\_\_ Dated \_\_\_\_\_

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:**

No alternatives have been considered.

**COMMITTEE DECISION**

**MOVED Cr Caudwell, SECONDED Cr Colliver**

**That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:**

- 1. ACKNOWLEDGE receipt of the Internal Audit Safety Management Systems report:**
- 2. REQUIRE the status of the Internal Audit Safety Management Systems Improvement Action Plan to be provided to the Audit Committee.**

**CARRIED 4/0**

Signed \_\_\_\_\_ Dated \_\_\_\_\_

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AC109	APPLICATION OF COUNCIL POLICY 4.28 MANAGING UNREASONABLE CUSTOMER CONDUCT
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<b>AGENDA REFERENCE:</b>	<b>D-21-096950</b>
<b>AUTHOR:</b>	<b>N Hope, Manager Organisational Development</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate and Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>6 September 2021</b>
<b>FILE REFERENCE:</b>	<b>GO/19/0008</b>
<b>ATTACHMENTS:</b>	<b>No</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to update the Audit Committee on the application of Council Policy 4.28 Managing Unreasonable Customer Conduct, listing the number of customers to whom the policy has applied.

**EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. NOTE the information provided below in relation to Council Policy 4.28 Managing Unreasonable Customer Conduct.
2. REQUIRE the CEO to report back annually to the Audit Committee at the first meeting held after the close of the relevant financial year.

**PROPONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

The City of Greater Geraldton Council Policy - *4.28 Managing Unreasonable Customer Conduct* has a set of strategies to manage the risks to the City's resource management, staff health and productivity, posed by a growing prevalence of unreasonable conduct by a small number of high-demand customers.

The policy objectives are to provide the overarching principles and guidance as the basis for a fair, equitable and transparent mechanism for dealing with unreasonable conduct by customers that will achieve an effective balance between:

- Meeting the genuine needs of customers fairly and equitably;
- Providing a safe working environment for staff, volunteers and elected members;
- Providing a safe experience for customers of the City; and
- Ensuring that City resources are used efficiently, effectively and equitably, to manage the City's responsibilities to discharge its statutory functions and represent the interests of all persons in the District.

Signed \_\_\_\_\_ Dated \_\_\_\_\_

Council Policy 4.28 Managing Unreasonable Customer Conduct, reporting requirements list that annually, at the first Audit Committee meeting held after the close of the relevant financial year, the Chief Executive Officer (CEO) will report to the committee.

In the 2020/2021 financial year, the City of Greater Geraldton reports the following:

<i>The number of customers to whom this policy has been applied:</i>	<i>0</i>
<i>The nature of the unreasonable conduct:</i>	<i>n/a</i>
<i>The action taken or limits imposed:</i>	<i>n/a</i>
<i>The number of reviews undertaken and their outcomes:</i>	<i>n/a</i>

Although the City still experiences unreasonable conduct by customers with a noted escalating trend, the City so far, has not had to implement this policy due to security or police attendance (where serious enough) and the enforcement of orders placed on individuals by the courts prohibiting their attendance at the Council office.

#### **COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:**

##### **Community:**

This policy is aimed at unreasonable conduct that falls well outside of community norms and is expected to affect only a very few persons, who will receive prior warning of the consequences of their conduct or behaviour.

##### **Economy:**

This policy addresses growing issues that left unattended may result in unnecessary costs to the productivity and operational efficiency of the City, as well as costs associated with stress-related impacts on employee's health and productivity as well as the requirement to provide a safe workplace.

##### **Environment:**

There are no adverse environmental impacts.

##### **Leadership:**

The Local Government Act requires that Councils establish good governance principles through the introduction of policies and guidelines.

##### *Disclosure of Interest:*

No Officer involved in the preparation of this report has a declarable interest in this matter.

#### **RELEVANT PRECEDENTS:**

Council review or amend Council Policies as and when required.

#### **COMMUNITY/COUNCILLOR CONSULTATION:**

On development of the Council Policy 4.28 Managing Unreasonable Customer Conduct, Councillors were consulted via briefing note in 23 July 2019.

Signed \_\_\_\_\_ Dated \_\_\_\_\_

**LEGISLATIVE/POLICY IMPLICATIONS:**

Pursuant to section 2.7 of the Local Government Act 1995 the role of Council includes determination of Council Policies:

**2.7. Role of council**

- (1) *The council —*
- (a) *governs the local government's affairs; and*
  - (b) *is responsible for the performance of the local government's functions.*
- (2) *Without limiting subsection (1), the council is to —*
- (a) *oversee the allocation of the local government's finances and resources; and*
  - (b) *determine the local government's policies.*

**FINANCIAL AND RESOURCE IMPLICATIONS:**

There are no financial or resource implications.

**INTEGRATED PLANNING LINKS:**

<b>Strategic Direction: Community</b>	<b>Aspiration: Our Culture and heritage is recognised and celebrated. We are creative and resilient. We can all reach our full potential.</b>
Outcome 1.2	We are a community accountable for our actions
Outcome 1.4	Community safety, health and well-being is paramount
<b>Strategic Direction: Economy</b>	<b>Aspiration: A healthy thriving and resilient economy that provides opportunities for all whilst protecting the environment and enhancing our social and cultural fabric.</b>
Outcome 2.4	A desirable place to live, work, play, study, invest and visit
<b>Strategic Direction: Leadership</b>	<b>Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.</b>
Outcome 4.1	Meaningful customer experiences created for the people we serve
Outcome 4.3	Accountable leadership supported by a skilled and professional workforce
Outcome 4.5	A culture of safety, innovation and embracing change
Outcome 4.6	A community that is genuinely engaged and informed in a timely and appropriate manner
Outcome 4.7	Council understands its roles and responsibilities and leads by example

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT:**

Ensuring that the Council Policy Register is current and comprehensive supports the role of Council in the good government of the City of Greater Geraldton. Council Policy 4.28 and its associated processes is wholly associated with mitigating the risk to City employees and the users or attendees at City facilities.

Signed \_\_\_\_\_ Dated \_\_\_\_\_

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:**

No alternative options were considered by City Officers.

**COMMITTEE DECISION**

**MOVED Cr Thomas, SECONDED Cr Caudwell**

**That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:**

- 1. NOTE the information provided below in relation to Council Policy 4.28 Managing Unreasonable Customer Conduct.**
- 2. REQUIRE the CEO to report back annually to the Audit Committee at the first meeting held after the close of the relevant financial year.**

**CARRIED 4/0**

Signed \_\_\_\_\_ Dated \_\_\_\_\_

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AC110	AUDIT REGULATION 17 REVIEW 2021
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<b>AGENDA REFERENCE:</b>	<b>D-21-100082</b>
<b>AUTHOR:</b>	<b>N Jane, A/Chief Financial Officer</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate and Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>10 September 2021</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020</b>
<b>ATTACHMENTS:</b>	<b>Yes (x1) Confidential Audit Regulation 17 Review</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to present to the Audit Committee the Audit Regulation 17 Review 2021.

**EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. RECEIVE the Audit Regulation 17 Review 2021
2. ENDORSE actions taken or proposed to be taken by staff to resolve items identified in the report; and
3. REQUIRE progress updates on implementation of the proposed management actions at the next Audit Committee Meeting.

**PROPONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

In accordance with Regulation 17 of the Local Government (Audit) Regulations 1996, local government CEO's are to undertake reviews of the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance not less than once in every three financial years and report to the local government the results of those reviews.

AMD Chartered Accountants were engaged to undertake the review in June 2021. Their report is attached.

**COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:****Community:**

There are no adverse community impacts. Undertaking this review ensures that we are accountable for our actions to the community.

**Economy:**

There are no adverse economic impacts.

**Environment:**

There are no adverse environmental impacts.

Signed \_\_\_\_\_ Dated \_\_\_\_\_

**Leadership:**

The Audit Committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting.

*Disclosure of Interest:*

No Officer involved in the preparation of this report has a declarable interest in this matter.

**RELEVANT PRECEDENTS:**

The Audit Committee regularly reviews reports relating to the auditing processes of the City. The previous Audit Regulation 17 Review was presented to the Audit Committee on 15 March 2018 – AC066.

**COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no consultation.

**LEGISLATIVE/POLICY IMPLICATIONS:**

*Local Government (Audit) regulations 1996, section 16:*

An audit committee has the following functions —

- (a) to guide and assist the local government in carrying out —
  - (i) its functions under Part 6 of the Act; and
  - (ii) its functions relating to other audits and other matters related to financial management;
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;
- (c) to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —
  - (i) report to the council the results of that review; and
  - (ii) give a copy of the CEO's report to the council;
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
  - (i) regulation 17(1); and
  - (ii) the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- (f) to oversee the implementation of any action that the local government —
  - (i) is required to take by section 7.12A(3); and
  - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and

Signed \_\_\_\_\_ Dated \_\_\_\_\_

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

*Local Government (Audit) regulations 1996*, section 17:

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

#### **FINANCIAL AND RESOURCE IMPLICATIONS:**

Provision was made in the budget to undertake this required review.

#### **INTEGRATED PLANNING LINKS:**

<b>Strategic Direction: Leadership</b>	<b>Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.</b>
Outcome 4.2	Decision making is ethical, informed and inclusive
Outcome 4.3	Accountable leadership supported by a skilled and professional workforce
Outcome 4.4	Healthy financial sustainability that provides capacity to respond to changes in economic conditions and community priorities
Outcome 4.7	Council understands its roles and responsibilities and leads by example

#### **REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

#### **RISK MANAGEMENT:**

Undertaking this review is a statutory compliance requirement for local governments and requires a report to the Audit Committee and Council at least once every three financial years. This review assesses the adequacy and effectiveness of systems and procedures. It identifies and evaluates the level of risk exposure and recommends actions for improvement.

Signed \_\_\_\_\_ Dated \_\_\_\_\_

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:**

No alternatives have been considered.

**COMMITTEE DECISION**

**MOVED Cr Colliver, SECONDED Cr Caudwell**

**That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:**

- 1. RECEIVE the Audit Regulation 17 Review 2021**
- 2. ENDORSE actions taken or proposed to be taken by staff to resolve items identified in the report; and**
- 3. REQUIRE progress updates on implementation of the proposed management actions at the next Audit Committee Meeting.**

**CARRIED 4/0**

Signed \_\_\_\_\_ Dated \_\_\_\_\_

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**5 COMPLIANCE REVIEW – STANDING ITEM****AC111 AUDIT COMMITTEE ANNUAL REPORT TO COUNCIL**

<b>AGENDA REFERENCE:</b>	<b>D-21-090425</b>
<b>AUTHOR:</b>	<b>M Adam, Coordinator Governance</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate and Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>8 September 2021</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020</b>
<b>ATTACHMENTS:</b>	<b>No</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to seek Audit Committee endorsement of the summary of activities, for the period 1 July 2020 to 30 June 2021 for submission as the annual report to Council.

**EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. ENDORSE the summary of the Audit Committee activities for the period 1 July 2020 to 30 June 2021
2. SUBMIT the summary of Audit Committee activities for the period 1 July 2020 to 30 June 2021 to Council as the Audit Committee annual report of activities.

**PROPONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

In accordance with the *Local Government Act 1995* section 7.1A (1):

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

The City of Greater Geraldton Audit Committee Charter incorporates the following reporting requirements:

*5.2 The Committee shall report annually to the Council summarising its activities during the previous financial year.*

Below is a summary of the activities of the Audit Committee for the period 1 July 2020 to 30 June 2021 for the purposes of providing the above mentioned report to Council:

**Audit Committee Meeting – 27 January 2021**

<b>Report Number</b>	<b>Title</b>	<b>Decision</b>
N/A	Exit Meeting with Audit Committee and Auditors	Completed 27 January 2021

Signed \_\_\_\_\_ Dated \_\_\_\_\_

AC093	2019-20 Annual Financial Report	<ol style="list-style-type: none"> <li>1. RECEIVE the Annual Financial Report for the financial year ended 30 June 2020;</li> <li>2. RECEIVE the Audit Report for the financial year ended 30 June 2020;</li> <li>3. NOTE that for the Annual Financial Report for the year ended 30 June 2020 the Auditor has provided an unqualified audit opinion;</li> <li>4. RECOMMEND to Council the adoption of the audited Financial Report for the year ended 30 June 2020;</li> <li>5. NOTE the findings identified during the Interim Audit and REQUEST they be listed for review until completed. <ol style="list-style-type: none"> <li>a. Payroll Masterfile accuracy and validity</li> <li>b. Income Statement per Trading Undertaking</li> <li>c. General Journals – supporting documentation</li> <li>d. Daily Banking Reconciliations – Art Gallery</li> </ol> </li> <li>6. NOTE the findings identified during the Final Audit and REQUEST they be listed for review until completed. <ol style="list-style-type: none"> <li>a. High annual leave accrual at year end</li> </ol> </li> </ol>
AC094	Fraud and Corruption Plan Audit	<ol style="list-style-type: none"> <li>1. RECEIVE The Fraud &amp; Corruption Control Plan Audit</li> </ol>
AC095	Strategic Internal Audit Plan	<ol style="list-style-type: none"> <li>1. ENDORSE the development and delivery of the Strategic Internal Audit Plan 2021-2025.</li> <li>2. ENDORSE the scope for the plan to include: <ol style="list-style-type: none"> <li>a. Financial Management Systems Review (as required by Financial Management Regulation 5).</li> <li>b. Review of systems and procedures (as required by Audit Regulation 17).</li> <li>c. Follow up on previous internal, external and performance audit recommendations.</li> <li>d. Fraud &amp; Corruption Control Plan Audit.</li> <li>e. Procurement and Contract management.</li> <li>f. Lease and agreement management.</li> <li>g. Disposal of assets.</li> <li>h. Information Technology – Cyber Risks and controls.</li> <li>i. Management of Compliance Obligations.</li> <li>j. Asset Management</li> </ol> </li> </ol>
AC096	Application of the Council Policy 4.28 Managing Unreasonable Customer Conduct	<ol style="list-style-type: none"> <li>1. NOTE the information provided below in relation to Council Policy 4.28 Managing Unreasonable Customer Conduct.</li> <li>2. REQUIRE the CEO to report back annually to the Audit Committee at the first meeting held after the close of the relevant financial year.</li> </ol>
AC097	Procurement Update	<ol style="list-style-type: none"> <li>1. RECEIVE the update regarding the status of the City of Greater Geraldton's procurement activities.</li> </ol>

Signed \_\_\_\_\_ Dated \_\_\_\_\_

AC098	Business Continuity Management	1. RECEIVE the update on the City of Greater Geraldton's Business Continuity Management Plan
AC099	Audit Committee Annual Report to Council	1. ENDORSE the summary of Audit Committee activities for the period 1 July 2019 to 30 June 2020. 2. SUBMIT the summary of Audit Committee activities for the period 1 July 2019 to 30 June 2020 to Council as the Audit Committee annual report of activities.
AC100	Management Actions on Internal Audit	1. RECEIVE the Progress Report on the current status of management actions related to Internal Audits.
AC101	Compliance Audit Return	1. REVIEW the results of the Compliance Audit Return 2020. 2. REPORT to Council the results of the Audit Committee review of the Compliance Audit Return 2020, at the Ordinary Meeting of Council on 23 February 2021

### Audit Committee Meeting – 31 May 2021

Report Number	Title	Decision
AC102	Entrance Meeting – OAG & RSM	1. RECEIVE the Audit Planning Memorandum for the year ending 30 June 2021.  <u>NOTE</u> Clause 6.2 of the Audit Planning Memorandum provides that the Mayor and CEO are to sign the Management Representation Letter. Mayor Van Styn requested that this clause be amended to provide that the Management Representation Letter is signed off by the CEO and the Director of Corporate and Commercial Services, instead of being signed off by the Mayor and CEO. The reason for the amendment is that the Mayor has no operational oversight of the finance function.

### COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:

#### Community:

The annual report to the council on Audit Committee activities provides transparency to the Community in the undertakings of the committee.

#### Economy:

There are no adverse economic impacts.

#### Environment:

There are no adverse environmental impacts.

#### Leadership:

The submission of the annual Audit Committee report to the Council, under the provisions of the Audit Committee Charter clause 5.2, provides accountable

Signed \_\_\_\_\_ Dated \_\_\_\_\_

governance, and transparency of decision making to the Council and the Community.

*Disclosure of Interest:*

No Officer involved in the preparation of this report has a declarable interest in this matter.

**RELEVANT PRECEDENTS:**

The provisions of the Audit Committee Charter require the Committee to report annually to Council summarising the activities of the previous financial year. The Audit Committee Annual Report was last reviewed by the Committee 27 January 2021, Item Number AC099, and the Council on 23 February 2021, CCS565.

**COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no community/councillor consultation.

**LEGISLATIVE/POLICY IMPLICATIONS:**

*Local Government Act 1995 section 7.1A*

*Local Government (Audit) Regulations regulation 16*

**FINANCIAL AND RESOURCE IMPLICATIONS:**

There are no financial or resource implications.

**INTEGRATED PLANNING LINKS:**

<b>Strategic Direction: Leadership</b>	<b>Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.</b>
Outcome 4.2	Decision making is ethical, informed and inclusive
Outcome 4.7	Council understands its roles and responsibilities and leads by example

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT:**

The provision of an annual summary of Audit Committee activities, to Council ensures that the committee meets compliance requirements of the *Audit Committee Charter s.5.2* and reporting recommendations of the Department of Local Government and Communities *Audit in Local Government Operational Guideline number 09- 2013*.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:**

No alternatives have been considered.

Signed \_\_\_\_\_ Dated \_\_\_\_\_

**COMMITTEE DECISION**

**MOVED** Cr Caudwell, **SECONDED** Cr Colliver

**That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:**

- 1. ENDORSE the summary of the Audit Committee activities for the period 1 July 2020 to 30 June 2021.**
- 2. SUBMIT the summary of Audit Committee activities for the period 1 July 2020 to 30 June 2021 to Council as the Audit Committee annual report of activities.**

**Carried 4/0**

Signed \_\_\_\_\_ Dated \_\_\_\_\_

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**6 GENERAL BUSINESS**

A revaluation of infrastructure assets is required this financial year as part of the required five year cycle. A working group has been formed to achieve the required objective. Sealed road condition assessments have been undertaken by Talis and will be received shortly. A request for quote is being prepared to determine a supplier to undertake the revaluation. Once the revaluation is completed, data will be entered into Assetic and incorporated into the financial system and reporting.

**7 MEETING CLOSURE**

There being no further business the meeting was declared closed at 4.12 pm.

Signed \_\_\_\_\_ Dated \_\_\_\_\_

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## 6 ITEMS FOR AUDIT COMMITTEE REVIEW

AC112	EXIT MEETING OAG AND RSM
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<b>AGENDA REFERENCE:</b>	<b>D-21-136923</b>
<b>AUTHOR:</b>	<b>N Jane, A/Chief Financial Officer</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate &amp; Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>29 November 2021</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020</b>
<b>ATTACHMENTS:</b>	<b>Yes (x4) 3 x Confidential</b>
	<b>A. Exit Meeting Agenda</b>
	<b>B. Confidential – Management Letter</b>
	<b>C. Confidential – Audit Closing Report</b>
	<b>D. Confidential – Audit Planning Memorandum</b>

### EXECUTIVE SUMMARY:

The purpose of this report is to provide the Office of the Auditor General (OAG) and Audit Partner from RSM opportunity to present to the Audit Committee an overview of their findings following the 2020-21 financial audit.

### EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. RECEIVE the Office of Auditor General overview of the audit finding for the year ended 30 June 2021 (as outlined in the Audit Closing Report); and
2. PROVIDE FEEDBACK to the Office of Auditor General on the findings and any other matter related to the audit.

### PROPONENT:

The proponent is the City of Greater Geraldton.

### BACKGROUND:

The annual financial report will be general purpose financial statements for the financial year ended 30 June 2021. The Auditor General is required by the Act to provide an opinion on the financial report and other legal and regulatory requirements in accordance with the *Local Government (Audit) Regulations 1996*. The objective of the Auditor General's audit is to obtain reasonable assurance about whether the City's financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report.

As outlined in the Audit Planning Memorandum (Attachment D), a final audit exit meeting is held to cover the presentation and discussion of the audit closing report, which outlines any significant audit related matters concerning the

financial report, management letters and improvement suggestions for future audits.

The audit committee is responsible for understanding the results of financial and performance audits conducted within the local government and overseeing whether recommendations are implemented by management. The committee's responsibilities include meeting with the OAG to discuss the results of the financial audit (audit exit meeting) and reviewing reports from the OAG including auditor's reports, closing reports and management letters.

### **COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:**

#### **Community:**

There are no adverse community impacts.

#### **Economy:**

There are no adverse economic impacts.

#### **Environment:**

There are no adverse environmental impacts.

#### **Leadership:**

Holding an Exit Meeting provides opportunity for the Audit Committee to undertake its functions including to discuss with the auditors their findings.

#### *Disclosure of Interest:*

No Officer involved in the preparation of this report has a declarable interest in this matter.

### **RELEVANT PRECEDENTS:**

Each year an audit entrance and exit meeting is held with OAG, the Audit Committee and the contract auditor.

Item AC102 – Entrance Meeting – OAG & RSM presented to the Audit Committee on 31 May 2021 a copy of the Audit Planning Memorandum and held the entrance meeting.

### **COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no community/councillor consultation.

### **LEGISLATIVE/POLICY IMPLICATIONS:**

*Local Government (Audit) regulations 1996, section 16:*

An audit committee has the following functions —

- (a) to guide and assist the local government in carrying out —
  - (i) its functions under Part 6 of the Act; and
  - (ii) its functions relating to other audits and other matters related to financial management;



- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;
- (c) to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —
  - (i) report to the council the results of that review; and
  - (ii) give a copy of the CEO's report to the council;
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
  - (i) regulation 17(1); and
  - (ii) the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- (f) to oversee the implementation of any action that the local government —
  - (i) is required to take by section 7.12A(3); and
  - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and
  - (iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and
  - (iv) has accepted should be taken following receipt of a report of a review conducted under the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.

#### **FINANCIAL AND RESOURCE IMPLICATIONS:**

Provision is made in the annual budget to undertake the audit function.

#### **INTEGRATED PLANNING LINKS:**

<b>Strategic Direction: Leadership</b>	<b>Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.</b>
Outcome 4.2	Decision making is ethical, informed and inclusive
Outcome 4.3	Accountable leadership supported by a skilled and professional workforce
Outcome 4.4	Healthy financial sustainability that provides capacity to respond to changes in economic conditions and community priorities
Outcome 4.7	Council understands its roles and responsibilities and leads by example

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT:**

The audit committee is part of the lines of defence which all work together to manage risks and ensure that controls are implemented and effective.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:**

No alternative options were considered.

## Audit Exit Meeting

# FINANCIAL ATTEST AUDIT OF CITY OF GREATER GERALDTON FOR THE YEAR ENDED 30 JUNE 2021

### ATTENDEES:

#### City of Greater Geraldton:

Shane Van Styn	Mayor
Cr Jerry Clune	Deputy Mayor
Cr N Colliver	Councillor
Cr M Reymond	Councillor
Cr Thomas	Councillor
Ross Mckim	Chief Executive Officer
Nita Jane	Acting Chief Financial Officer
Temba Machukera	Financial Accountant
Katrina Wheeler	Coordinator Governance (Acting)

#### Auditors

Mark Ambrose	Senior Director, Office of the Auditor General:
Alasdair Whyte	Director, RSM Australia Pty Ltd
AJ Neo	Principal, RSM Australia Pty Ltd

**Meeting Date & Time:** Tuesday, 6 December 2021, 2:00 PM

**Location:** Teleconference

### Agenda

- 1 **Introduction**
- 2 **Matters arising from the audit**
  - 2.1 Financial statements - refer to Audit Closing Report
  - 2.2 Controls and legal compliance issues - refer to Audit Closing Report
  - 2.3 Conclusion on classification of cash in lieu of open space
- 3 **Actions for next year audit**
- 4 **General and closing comments**

**AC113 REVIEW OF THE AUDIT COMMITTEE TERMS OF REFERENCE**

<b>AGENDA REFERENCE:</b>	<b>D-21-130376</b>
<b>AUTHOR:</b>	<b>M Adam, Coordinator Governance</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate and Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>22 November 2021</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020</b>
<b>ATTACHMENTS:</b>	<b>Yes (x1)</b> <b>Draft Audit Committee Terms of Reference</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is provide a draft of the Audit Committee Terms of Reference 2021 to the newly elected Audit Committee, for consideration and endorsement.

**EXECUTIVE RECOMMENDATION:**

That Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. Endorse the Audit Committee Terms of Reference – 6 December 2021

**PROPONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

The Audit Committee Terms of Reference 2021 (attachment AC113) is provided for the purpose of deliberation and discussion by the newly elected Audit Committee, and to ensure that Audit Committee Members have shared understanding of the role of the committee.

At the Ordinary Meeting of Council on 26 November 2021 (report CEO085) Council resolved as follows;

*Part A.*

*RE-ESTABLISH the following listed Council Committees:*

- b. City of Greater Geraldton Audit Committee;*

*Part B*

*REQUIRE each internal Council Committee at their first meeting held following this resolution to:*

- a. APPOINT by Committee resolution an Elected Member as Chairperson, and Elected Member as a proxy Chairperson for the Committee; and*
- b. REVIEW the terms of reference of the Committee and report to Council any required changes in relation to named membership of the Committee.*

The Audit Committee Terms of Reference 2021 (TOR) are based on the provisions of the *Local Government Act 1995*, the *Local Government (Audit) Regulations 1996*, and *Operational Guideline 9 - The appointment, function and*

*responsibilities of audit committees*, provided by the Department of Local Government Sport and Cultural Industries.

The previous Audit Committee Charter has been reviewed by city officers and forms the basis of the draft TOR (Attachment AC113). The TOR has been updated to align with the amended provisions of the *Local Government Act 1995* and *Local Government (Audit) Regulations 1996*, in relation to audit and audit committees. Superseded provisions have been removed and additional or amended clauses are highlighted in yellow on the attachment. An Audit Committee member induction checklist has also been added.

### **COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:**

#### **Community:**

There are no adverse community impacts.

#### **Economy:**

There are no adverse economic impacts.

#### **Environment:**

There are no adverse environmental impacts.

#### **Leadership:**

The objective of the Audit Committee is to assist the Council in fulfilling their oversight responsibilities in relation to;

- systems of risk management and internal control;
- the processes for monitoring compliance with legislation, including the code of conduct;
- financial and performance reporting; and
- external and internal audit.

#### *Disclosure of Interest:*

No Officer involved in the preparation of this report has a declarable interest in this matter.

### **RELEVANT PRECEDENTS:**

The Audit Committee Charter was reviewed by the Audit Committee on 2 December 2019 (report AC082).

### **COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no community/councillor consultation.

### **LEGISLATIVE/POLICY IMPLICATIONS:**

*Local Government Act 1995 s. 7.12A, 7.13(1)*

*Local Government (Audit) Regulations 1996 r17*

*Local Government (Financial Management) Regulations 1996 r 5(2)(c)*

### **FINANCIAL AND RESOURCE IMPLICATIONS:**

There are no financial or resource implications.

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**INTEGRATED PLANNING LINKS:**

<b>Strategic Direction: Leadership</b>	<b>Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.</b>
Outcome 4.2	Decision making is ethical, informed and inclusive.
Outcome 4.3	Accountable leadership supported by a skilled and professional workforce.
Outcome 4.4	Healthy financial sustainability that provides capacity to respond to change in economic conditions and community priorities.
Outcome 4.5	A culture of safety, innovation and embracing change.

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT:**

The Audit Committee is required by Council Resolution of 26 November 2021 (Report CEO085) to review its TOR at the first meeting of the committee after the ordinary election of the Council.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:**

The Audit Committee may choose to simply discuss the TOR with the view to enhancing understanding by newly elected committee members. The committee may also choose to discuss and recommend changes to the TOR. Note that the Committee is able to seek a review of the TOR at a future time.



DRAFT

# City of Greater Geraldton Audit Committee

## Terms of Reference

## Table of Contents

1	Objectives of Audit Committees.....	2
2	Powers of the Audit Committee .....	2
	2.1 Provide advice and recommendations.....	2
	2.2 Advisory body .....	2
3	Membership .....	2
	3.1 Elected members .....	2
	3.2 Chairperson.....	2
	3.3 Role of Members .....	2
	3.4 Role of CEO and employees – not members.....	3
4	Meetings.....	3
	4.1 <b>Quorum</b> .....	3
5	Reporting.....	3
	5.1 Reports and Recommendations.....	3
	5.2 Annual reporting.....	3
6	Functions of the Audit Committee .....	3
	6.1 Functions under the Act and matters related to financial management.....	3
7	Internal Audit.....	4
8	Annexure1 – Audit Committee Member Induction Checklist.....	5



# 1 Objectives of Audit Committees

The primary objective of the Audit Committee is to assist the council in fulfilling their oversight responsibilities in relation to systems of risk management and internal control, processes for monitoring compliance with laws and regulations, including the code of conduct, financial and performance reporting and external and internal audit. The audit committee is not responsible for the management of these functions.

## 2 Powers of the Audit Committee

### 2.1 Provide advice and recommendations

The Audit Committee is to report to council and provide appropriate advice and recommendations on matters relevant to its term of reference. This is in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the local government that have not been delegated to the CEO.

### 2.2 Advisory body

The committee is a formally appointed committee of council and is responsible to that body. The committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The committee does not have any management functions and cannot involve itself in management processes or procedures.

## 3 Membership

### 3.1 Elected members

The committee will consist of four elected members and a proxy elected member. All members shall have full voting rights.

### 3.2 Chairperson

The position of Chairperson shall be appointed by a vote of the committee following a call for nominations for the position.

### 3.3 Role of Members

Members of the audit committee are expected to:

- Understand the legal and regulatory obligations of the Council;
- Understand the governance arrangements that support achievement of the City's strategies and objectives
- Exercise due care, diligence and skill when performing their duties
- Adhere to the code of conduct
- Help to set the right tone in the entity by demonstrating behaviours which reflect the organisations desired culture
- Be aware of contemporary and relevant issues impacting the sector
- Only use information provided to the audit committee to carry out their responsibilities
- Complete the Audit Committee member induction (Annexure 1)

### 3.4 Role of CEO and employees – not members

The CEO and employees are not members of the committee. The CEO or a nominee of the CEO is to be available to attend meetings to provide advice and guidance to the committee.

Secretarial and administrative support will be provided to the committee via the City's administration.

## 4 Meetings

The committee shall meet up to four times annually. Additional meetings shall be convened at the discretion of the presiding person.

### 4.1 Quorum

The quorum for a committee meeting is in accordance with section 5.19 of the *Local Government Act 1995*, at least 50% of the number of offices (whether vacant or not) of member of the committee.

## 5 Reporting

### 5.1 Reports and Recommendations

Reports and recommendations of each committee meeting shall be presented to the next ordinary meeting of the council.

### 5.2 Annual reporting

The committee shall provide an annual report to the council summarising its activities during the previous financial year.

## 6 Functions of the Audit Committee

### 6.1 Functions under the Act and matters related to financial management

Guide and assist the Local Government in carrying out its functions under part 6 of the Act, and its functions relating to other audits and other matters related to financial management;

To guide and assist the local government in carrying out the local government's functions in relation to audits conducted under part 7 of the Act:

6.1.1 Meet with the auditor at least once in each year on behalf of council, in accordance with s.7.12A (2) of the *Local Government Act 1995*, and provide a report to council on the matters discussed and outcome of those discussions;

6.1.2 Liaise with the CEO to ensure that the local government does everything in its power to –

- support the auditor of the local government to conduct an audit and carry out the auditors other duties in respect of the local government; and
- ensure that audits are conducted successfully and expeditiously;

6.1.3 Oversee the implementation of any action that the local government is:

- required to take by section 7.12A(3); and
- has stated it has taken or intends to take in a report prepared under section 7.12A(4); and
- has accepted should be taken, following receipt of a report of a review conducted under *Local Government (Audit) Regulations 1996*, regulation 17(1); and

- has accepted should be taken following receipt of a report of a review conducted under the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- 6.1.4 Review the level of resources allocated to internal audit and the scope of its authority;
- 6.1.5 Review reports of internal audits, monitor the implementation of recommendations made by the audit and review the extent to which council and management reacts to matters raised;
- 6.1.6 Review the local government's draft annual financial report, focusing on –
- accounting policies and practices;
  - changes to accounting policies and practices;
  - the process used in making significant accounting estimates;
  - significant adjustments to the financial report (if any) arising from the audit process;
  - compliance with Australian Accounting Standards and other reporting requirements; and
  - significant variances from prior years;
- 6.1.7 Consider and recommend adoption of the annual financial report to council. Review any significant changes that may arise subsequent to any such recommendation but before the annual financial report is signed;
- 6.1.8 Address issues brought to the attention of the committee, including responding to requests from council for advice that are within the parameters of the committee's terms of reference;
- 6.1.9 Review the annual Compliance Audit Return and report to the council the results of that review;
- 6.1.10 Review a report given to it by the CEO under *Local Government (Audit) Regulations 1996*, regulation 17(3), of the appropriateness and effectiveness of the local government's systems and procedures in relation to:
- risk management;
  - internal control ; and
  - legislative compliance;
- and report to the council the results of that review, and give a copy of the CEO's report to the council;
- 6.1.11 Monitor and advise the CEO, when the CEO is carrying out functions in relation to a review under -
- the *Local Government (Audit) Regulations 1996 - 17(1)*; and
  - the *Local Government (Financial Management) Regulations 1996 5(2)(c)*
- 6.1.12 Perform any other function conferred on the audit committee by the regulations or another written law.

## 7 Internal Audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The audit committee is responsible for guiding and overseeing the activities, resources and structure of the internal audit function. The audit committee's responsibilities include, but are not limited to:

- Assessing the internal audit plan to ensure that it covers material business risks that may threaten the achievement of strategic objectives;
- Reviewing and recommending the approval of the internal audit plan and work program;
- Reviewing the quality and timeliness of internal audit reports;
- Considering the implications of internal audit findings on the business, its risks and controls;
- Monitoring management’s implementation of internal audit recommendations; and
- Monitoring the progress of the internal audit plan and work program.

The internal auditor should report functionally to the audit committee and administratively to the CEO. It should be remembered that pursuant to section 5.41 of the Act, the CEO is responsible for the day-to-day management of council activities including the direction of staff and implicitly the internal audit function.

A clear and properly defined reporting relationship ensures that the internal auditor is empowered to perform their role working with management. The direct reporting line to the audit committee also acts as an adequate safeguard in the event of a serious breakdown in internal controls or internal control culture at senior levels in the organisation.

## 8 Annexure 1 – Audit Committee Member Induction Checklist

Activity	Completed
<b>Authority, composition and meetings</b>	
Read and understand the Audit Committee Terms of Reference	
Read the Audit Committee minutes for the last year	
<b>External reporting</b>	
Read the prior year financial report	
Read and understand the City’s legislative compliance requirements, as reported in the Compliance Audit Return	
<b>External Audit</b>	
Meet with the external auditor’s audit team at the entrance meeting	
Read and understand the external auditor’s findings and recommendations, and management’s response for the last year; including any OAG performance audits	
<b>Internal Audits</b>	
Review the City’s internal audit plan	
Read and understand the City’s Audit Action list	
<b>System of internal control and risk management</b>	
Read and understand the City’s risk management framework, including the risk management policy and risk appetite and tolerance statements	
<b>Compliance and Ethics</b>	
Read and understand the processes for managing complaints and public interest disclosures	
<b>Fraud</b>	
Read and understand the City’s Fraud and Corruption Control Plan and Policy	
Review the most recent audit under the Fraud and Corruption Control Plan	
<b>Related Party Transactions</b>	
Read and understand the Related Party Transaction Policy	
<b>Governance Framework</b>	
Read and understand the organisational structure	
Read and understand the City’s delegation register	

AC114	2020-21 ANNUAL FINANCIAL REPORT
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<b>AGENDA REFERENCE:</b>	<b>D-21- 134415</b>
<b>AUTHOR:</b>	<b>N Jane, Acting Chief Financial Officer</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate and Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>22 November 2021</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020</b>
<b>ATTACHMENTS:</b>	<b>Yes (x3), 1 X Confidential</b>
	<b>A. 2020-21 Annual Financial Report</b>
	<b>B. Auditors Report 2020-21</b>
	<b>C. Confidential – Management Letter</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is for the Audit Committee to consider and accept the 2020-21 Annual Financial Report and Auditor's Report.

**EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. RECEIVE the Annual Financial Report for the financial year ended 30 June 2021;
2. RECEIVE the Audit Report for the financial year ended 30 June 2021;
3. NOTE that the Auditor has provided an unqualified audit opinion for the Annual Financial Report year ended 30 June 2021;
4. RECOMMEND to Council the adoption of the audited Financial Report for the year ended 30 June 2021;
5. NOTE the findings identified during the Audit and REQUEST they be listed for review until completed.
  - a. Expand grant register to include all grant revenue including that recognised under AASB1058.

**PROPONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

The audit was conducted by RSM on behalf of the Office of the Auditor General (OAG). The final audit site visit was conducted from 11-15 October 2021. At the conclusion of the audit, the following reports are issued:

- Independent Auditor's Report
- Management Letter – Final Audit Results

The Report and Management Letter are attached along with the Audited Financial Statements for 2020-21 for the information of the Audit Committee.

**COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:****Community:**

There are no adverse community impacts.

**Economy:**

There are no adverse economic impacts.

**Environment:**

There are no adverse environmental impacts.

**Leadership:**

The Audit Committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting.

***Disclosure of Interest:***

No Officer involved in the preparation of this report has a declarable interest in this matter.

**RELEVANT PRECEDENTS:**

The Audit Committee received the 2019-20 Financial Report on 27 January 2021, AC093. The Interim Audit Report for 2020-21 was received on 28 September 2021, AC103.

**COMMUNITY/COUNCILLOR CONSULTATION:**

No community consultation has been undertaken. The annual financial report and audit certificate are included in the City's Annual Report, which will be presented to Council for adoption, then released to the community as a public document. The annual report is subsequently presented to an annual electors meeting and made available on the City website.

**LEGISLATIVE/POLICY IMPLICATIONS:**

*Local Government (Audit) regulations 1996, section 16:*

An audit committee has the following functions —

- (a) to guide and assist the local government in carrying out —
  - (i) its functions under Part 6 of the Act; and
  - (ii) its functions relating to other audits and other matters related to financial management;
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- (f) to oversee the implementation of any action that the local government —
  - (i) is required to take by section 7.12A(3); and
  - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.

**FINANCIAL AND RESOURCE IMPLICATIONS:**

There are no financial or resource implications.

**INTEGRATED PLANNING LINKS:**

<b>Strategic Direction: Leadership</b>	<b>Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.</b>
Outcome 4.2	Decision making is ethical, informed and inclusive
Outcome 4.3	Accountable leadership supported by a skilled and professional workforce
Outcome 4.4	Healthy financial sustainability that provides capacity to respond to changes in economic conditions and community priorities
Outcome 4.7	Council understands its roles and responsibilities and leads by example

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT:**

Findings outlined in the management letter have been assigned a risk rating by the Office of Auditor General. These ratings are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. Consideration is given to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

Management have provided responses to each of the findings.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:**

No alternative options were considered by City Officers.



# City of Greater Geraldton

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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# City of Greater Geraldton

## General Purpose Financial Statements for the year ended 30 June 2021

<b>Contents</b>	<b>Page</b>
<b>1. Statement by Chief Executive Officer</b>	2
<b>2. Primary Financial Statements:</b>	
- Statement of Comprehensive Income (by Nature or Type)	3
- Statement of Comprehensive Income (by Program)	4
- Statement of Financial Position	6
- Statement of Changes in Equity	7
- Statement of Cash Flows	8
- Rate Setting Statement	9
<b>3. Notes to the Financial Statements</b>	11
<b>4. Independent Auditor's Report</b>	91

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### Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for City of Greater Geraldton.
  - (ii) All figures presented in these financial statements are presented in Australian Currency.
  - (iii) These financial statements were authorised for issue by the Council on dd/mm/yy. Council has the power to amend and reissue the financial statements.
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## City of Greater Geraldton

### General Purpose Financial Statements 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 Greater Geraldton for the financial year ended to June 2021 is based on proper accounts and records to present fairly the financial position of the City of Greater Geraldton 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 \_\_\_\_\_ day of \_\_\_\_\_ 2021

\_\_\_\_\_  
Ross McKim

**CHIEF EXECUTIVE OFFICER**

## City of Greater Geraldton

Statement of Comprehensive Income (by Nature or Type)  
for the year ended 30 June 2021

\$	Notes	2021 Actual	2021 Budget	2020 Actual
<b>Revenue</b>				
Rates	26(a)	45,601,602	45,683,248	46,589,662
Operating Grants, Subsidies & Contributions	32	8,276,880	7,810,648	8,373,215
Fees & Charges	31	19,996,821	17,369,492	21,085,907
Interest Earnings	2(a)	558,364	400,163	1,992,198
Other Revenue		526,382	896,513	1,714,459
		<u>74,960,049</u>	<u>72,160,064</u>	<u>79,755,441</u>
<b>Expenses</b>				
Employee Costs	35	(26,309,285)	(27,105,394)	(28,172,284)
Materials & Contracts		(17,902,814)	(19,575,725)	(18,847,740)
Utilities		(2,805,178)	(2,898,305)	(2,956,951)
Depreciation & Amortisation	2(a)	(24,546,232)	(24,646,964)	(24,510,415)
Interest Expenses	2(a)	(1,142,275)	(1,274,734)	(1,344,619)
Insurance		(728,971)	(813,989)	(728,218)
Other Expenditure		(2,402,964)	(1,710,560)	(2,560,355)
		<u>(75,837,719)</u>	<u>(78,025,671)</u>	<u>(79,120,582)</u>
<b>Operating Result from Continuing Operations <sup>(1)</sup></b>		<u>(877,670)</u>	<u>(5,865,607)</u>	<u>634,859</u>
Non-Operating Grants, Subsidies & Contributions	32	5,157,970	7,761,253	7,130,966
Fair Value Adjustments to financial assets at fair value through profit and loss	2(a)	11,636	-	5,187
Equip.	2(a)	-	-	(4,382,927)
Profit on Asset Disposals	23	1,417,094	350,000	46,742
Loss on Asset Disposal	23	(566,513)	(731,854)	(1,369,599)
		<u>6,020,187</u>	<u>7,379,399</u>	<u>1,430,369</u>
<b>Net Result - Surplus (Deficit)</b>		<u>5,142,517</u>	<u>1,513,792</u>	<u>2,065,228</u>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	15	(24,495,144)	-	(20,690,804)
<b>Total Other Comprehensive Income</b>		<u>(24,495,144)</u>	<u>-</u>	<u>(20,690,804)</u>
<b>Total Comprehensive Income</b>		<u>(19,352,627)</u>	<u>1,513,792</u>	<u>(18,625,576)</u>

<sup>(1)</sup> Allowing for or not factoring in the prepayment of Financial Assistance Grants for 2021-22 \$3,147,761 (2019-20: \$3,051,785), Council Operating Result from Continuing Operations would amount to a deficit of \$4,025,431 (2019-20: \$2,424,722).

## City of Greater Geraldton

### Statement of Comprehensive Income (by Program) for the year ended 30 June 2021

\$	Notes	2021 Actual	2021 Budget	2020 Actual
<b>Revenue</b>				
Governance		255,187	49,000	86,210
General Purpose Funding		52,388,084	52,361,542	54,315,487
Law, Order, Public Safety		631,601	503,080	612,456
Health		17,280	25,000	60,822
Education & Welfare		460,331	337,845	322,854
Community Amenities		13,465,847	12,478,184	12,958,008
Recreation & Culture		1,635,217	2,146,613	4,206,830
Transport		4,005,228	2,871,804	4,956,682
Economic Services		901,550	268,496	946,120
Other Property & Services		1,199,724	1,118,500	1,289,972
		<u>74,960,049</u>	<u>72,160,064</u>	<u>79,755,441</u>
<b>Expenses (excl. Finance Costs)</b>				
Governance		(2,469,220)	(2,070,899)	(1,722,517)
General Purpose Funding		(923,815)	(1,189,421)	(866,049)
Law, Order, Public Safety		(3,027,466)	(3,042,484)	(3,016,906)
Health		(751,614)	(811,908)	(754,828)
Education & Welfare		(1,661,184)	(1,748,481)	(1,734,431)
Housing		(17,636)	(22,802)	(29,659)
Community Amenities		(11,101,262)	(11,810,660)	(9,862,448)
Recreation & Culture		(17,416,298)	(18,493,190)	(20,226,803)
Transport		(28,350,781)	(28,078,521)	(29,080,067)
Economic Services		(3,942,641)	(4,080,709)	(4,736,255)
Other Property & Services		(5,033,526)	(5,401,862)	(5,746,002)
		<u>(74,695,443)</u>	<u>(76,750,937)</u>	<u>(77,775,964)</u>
<b>Finance Costs</b>				
	2(a)			
Governance		(9,576)	(10,639)	(13,814)
General Purpose Funding		(10,833)		(11,185)
Law, Order, Public Safety		(30,588)	(31,434)	(35,716)
Community Amenities		(136,686)	(139,046)	(150,973)
Recreation & Culture		(348,548)	(341,483)	(429,388)
Transport		(284,468)	(289,800)	(332,631)
Economic Services		(223,261)	(342,589)	(257,291)
Other Property & Services		(98,315)	(119,743)	(113,621)
		<u>(1,142,275)</u>	<u>(1,274,734)</u>	<u>(1,344,619)</u>
<b>Operating Result from Continuing Operations</b>				
		<u>(877,670)</u>	<u>(5,865,607)</u>	<u>634,858</u>
<b>Non-Operating Grants, Subsidies, Contributions</b>				
Law, Order, Public Safety		59,686	62,196	929,978
Health		-	470,000	-
Community Amenities		7,800	160,000	114,000
Recreation & Culture		871,082	530,000	(142,126)
Transport		4,219,402	6,205,237	6,227,687
Economic Services		-	333,820	-
Other Property & Services		-	-	1,428
		<u>5,157,970</u>	<u>7,761,253</u>	<u>7,130,966</u>

## City of Greater Geraldton

Statement of Comprehensive Income (by Program) (continued)  
for the year ended 30 June 2021

\$	Notes	2021 Actual	2021 Budget	2020 Actual
<b>Profit/(Loss) on Disposal of Assets</b>				
Governance		-	-	(708,943)
Housing		-	-	(14,000)
Recreation & Culture		-	-	(2,853)
Transport		(21,575)	(38,114)	-
Other Property & Services		872,156	(343,740)	(597,061)
	23	<u>850,581</u>	<u>(381,854)</u>	<u>(1,322,857)</u>
<b>Other Income</b>				
Fair Value Adjustments to Financial Assets at Fair Value through Profit & Loss	2(a)	11,636	-	5,187
Revaluation of Infrastructure, Property, Plant & Equip.	2(a)	-	-	(4,382,927)
		<u>11,636</u>	<u>-</u>	<u>(4,377,740)</u>
<b>Net Result - Surplus (Deficit)</b>		<u><u>5,142,517</u></u>	<u><u>1,513,792</u></u>	<u><u>2,065,227</u></u>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	15	(24,495,144)	-	(20,690,804)
<b>Total Comprehensive Income</b>		<u><u>(19,352,627)</u></u>	<u><u>1,513,792</u></u>	<u><u>(18,625,577)</u></u>

## City of Greater Geraldton

## Statement of Financial Position

as at 30 June 2021

\$	Notes	2021 Actual	2020 Actual
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	3	31,396,433	34,862,959
Financial Assets	4	18,976,378	2,352,977
Trade and Other Receivables	5	7,317,159	7,732,314
Inventories	6	363,811	506,388
Contract Assets	9	53,865	20,484
<b>Total Current Assets</b>		<b>58,107,646</b>	<b>45,475,122</b>
<b>Non-Current Assets</b>			
Financial Assets	4	651,812	519,059
Trade and Other Receivables	5	576,695	535,044
Property, Plant and Equipment	7	175,227,205	204,576,528
Infrastructure	8	683,173,375	687,362,777
Right of Use Assets	10	139,969	197,796
Intangible Assets	42	159,460	104,143
<b>Total Non-Current Assets</b>		<b>859,928,516</b>	<b>893,295,347</b>
<b>TOTAL ASSETS</b>	21	<b>918,036,162</b>	<b>938,770,469</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	11	14,109,816	9,856,328
Contract Liabilities	9	1,147,327	2,005,330
Lease Liability	10	42,444	49,637
Borrowings	12	4,600,668	4,798,496
Provisions	13	4,940,468	5,189,270
<b>Total Current Liabilities</b>		<b>24,840,723</b>	<b>21,899,061</b>
<b>Non-Current Liabilities</b>			
Lease Liability	10	101,384	143,827
Borrowings	12	23,864,366	28,280,554
Provisions	13	9,546,880	9,411,592
<b>Total Non-Current Liabilities</b>		<b>33,512,630</b>	<b>37,835,973</b>
<b>TOTAL LIABILITIES</b>		<b>58,353,353</b>	<b>59,735,034</b>
<b>Net Assets</b>		<b>859,682,809</b>	<b>879,035,436</b>
<b>EQUITY</b>			
Retained Surplus		344,453,382	349,144,141
Reserves - Cash/Investment Backed	14	32,842,232	23,008,956
Reserves - Asset Revaluation	15	482,387,195	506,882,339
<b>Total Equity</b>		<b>859,682,809</b>	<b>879,035,436</b>

## City of Greater Geraldton

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

\$	Notes	Retained Surplus	Reserves Cash / Investment Backed	Asset Revaluation Reserve	Total Equity
Balance as at 1 July 2019		349,292,239	22,035,630	527,573,143	<b>898,901,012</b>
<b>Restated Balance</b>		<b>349,292,239</b>	<b>22,035,630</b>	<b>527,573,143</b>	<b>898,901,012</b>
Net Result		2,065,228	-	-	<b>2,065,228</b>
Total OCI / Asset Revaluation	15	-	-	(20,690,804)	<b>(20,690,804)</b>
Reserve Transfers	14	(973,326)	973,326	-	-
<b>Balance as at 30 June 2020</b>		<b>350,384,141</b>	<b>23,008,956</b>	<b>506,882,339</b>	<b>880,275,436</b>
Correction of Errors	43	- 1,240,000	-	-	<b>- 1,240,000</b>
<b>Restated Balance</b>		<b>349,144,141</b>	<b>23,008,956</b>	<b>506,882,339</b>	<b>879,035,436</b>
Net Result		5,142,517	-	-	<b>5,142,517</b>
Total OCI / Asset Revaluation	15	-	-	(24,495,144)	<b>(24,495,144)</b>
Reserve Transfers	14	(9,833,276)	9,833,276	-	-
<b>Balance as at 30 June 2021</b>		<b>344,453,382</b>	<b>32,842,232</b>	<b>482,387,195</b>	<b>859,682,809</b>

# City of Greater Geraldton

## Statement of Cash Flows

for the year ended 30 June 2021

\$	Notes	2021 Actual	2021 Budget	2020 Actual
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
Rates		45,526,468	45,773,546	46,134,059
Operating Grants, Subsidies and Contributions		8,625,497	7,810,648	10,566,550
Fees and Charges		19,722,501	17,369,492	22,695,268
Interest Earnings		614,388	401,214	1,978,854
Goods and Services Tax		-	-	356,096
Other Revenue		1,248,821	2,473,223	4,323,717
		<u>75,737,675</u>	<u>73,828,123</u>	<u>86,054,544</u>
<b>Payments:</b>				
Employee Costs		(26,280,007)	(27,181,616)	(27,717,273)
Materials and Contracts		(13,480,082)	(21,656,191)	(26,738,436)
Utilities		(2,805,178)	(2,898,305)	(2,956,953)
Insurance		(728,971)	(813,989)	(728,218)
Interest		(1,166,588)	(1,261,104)	(1,370,812)
Goods and Services Tax		(5,473)	-	-
Other Expenditure		(2,612,571)	(1,710,560)	(5,709,897)
		<u>(47,078,870)</u>	<u>(55,521,765)</u>	<u>(65,221,589)</u>
<b>Net Cash provided (or used in) Operating Activities</b>	16(b)	<u>28,658,806</u>	<u>18,306,358</u>	<u>20,832,955</u>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
Non-Operating Grants, Subsidies and Contributions	32	5,157,970	7,761,253	7,130,966
Proceeds from Sale of Assets	23	1,968,589	2,397,000	685,591
Proceeds from Self Supporting Loans	4	68,497	52,978	-
Proceeds from Investments	4	-	-	2,769,939
<b>Payments:</b>				
Payments for Intangible Assets	42	(55,317)	-	-
Payments for Purchase of Property, Plant & Equipmen	22	(2,634,312)	(3,123,820)	(7,434,318)
Payments for Construction of Infrastructure	22	(15,170,061)	(21,884,166)	(18,348,668)
Advances to Community Groups	4	(200,000)	-	-
Unexpended Non-Operating Grants	2(d)	(50,031)	-	(1,637,520)
Payments for Purchase of Investments	4	(16,547,015)	-	-
<b>Net Cash provided (or used in) Investing Activities</b>		<u>(27,461,680)</u>	<u>(14,796,755)</u>	<u>(16,834,010)</u>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
Proceeds from New Loans	25(b)	200,000	10,000,000	-
<b>Payments:</b>				
Repayment of Debentures	25(a)	(4,814,016)	(14,798,496)	(5,296,164)
Repayment of Finance Leases		(49,637)	49,434	(51,311)
<b>Net Cash provided (or used in) Financing Activities</b>		<u>(4,663,653)</u>	<u>(4,749,062)</u>	<u>(5,347,475)</u>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		(3,466,527)	(1,239,460)	(1,348,530)
Cash at the beginning of the year	3	34,862,959	31,030,851	36,211,489
<b>Cash &amp; Cash Equivalents - End of the Year</b>	16(a)	<u>31,396,433</u>	<u>29,791,391</u>	<u>34,862,959</u>



## City of Greater Geraldton

### Rate Setting Statement (by Nature) for the year ended 30 June 2021

\$	Notes	2021 Actual	2021 Budget	2020 Actual
<b>Revenue</b>				
Operating Grants, Subsidies & Contributions		8,276,880	7,810,648	9,821,707
Fees & Charges		19,996,821	17,369,492	21,085,907
Interest Earnings		558,364	400,163	1,992,198
Profit on Disposal of Assets		1,417,094	350,000	46,742
Other Revenue		526,382	896,513	1,714,459
		<u>30,775,541</u>	<u>26,826,816</u>	<u>34,661,013</u>
<b>Expenses</b>				
Employee Costs		(26,309,285)	(27,105,394)	(28,172,282)
Materials & Contracts		(17,902,814)	(19,575,725)	(18,847,740)
Utilities		(2,805,178)	(2,898,305)	(2,956,953)
Depreciation & Amortisation		(24,546,232)	(24,646,964)	(24,510,416)
Interest Expenses		(1,142,275)	(1,274,734)	(1,344,619)
Insurance		(728,971)	(813,989)	(728,218)
Loss on Disposal of Assets		(566,513)	(731,854)	(1,369,599)
Other Expenditure		(2,402,964)	(1,710,560)	(2,560,355)
		<u>(76,404,232)</u>	<u>(78,757,525)</u>	<u>(80,490,182)</u>
<b>Net Result Excluding Rates</b>		<u>(45,628,691)</u>	<u>(51,930,709)</u>	<u>(45,829,169)</u>
<b>Adjustment for Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure &amp; Revenue</b>				
(Profit)/Loss on Asset Disposal	23	(850,581)	381,854	1,322,857
Movement in Non-Current Deferred Pensioner Rates		(41,651)	-	(50,741)
Movement in Non-Current Employee Benefit Provision:		70,828	-	(65,766)
Depreciation & Amortisation on Assets	2(a)	24,546,232	24,646,964	24,510,415
Other Non-Cash (Revenue)/Expenditure		35,790	-	40,469
Fair Value Adjustments to financial assets at fair		(11,636)	-	-
<b>Net Non-Cash Expenditure &amp; Revenue</b>		<u>23,748,982</u>	<u>25,028,818</u>	<u>25,757,234</u>
<b>Capital Expenditure</b>				
Purchase Land and Buildings	22	(1,447,136)	(2,282,820)	(4,686,079)
Purchase Plant and Equipment	22	(818,253)	(600,000)	(2,153,379)
Purchase Furniture and Equipment	22	(368,922)	(241,000)	(917,500)
Purchase of Other PP&E	22	-	-	(10,000)
Infrastructure Assets	22	(15,170,061)	(21,884,166)	(18,348,668)
Advances to Community Groups		(200,000)	-	-
Repayment of Debentures	25(a)	(4,814,016)	(14,798,496)	(5,296,164)
Intangible Assets		(55,316)	-	-
Finance Lease Payments		(49,636)	49,434	-
<b>Net Capital Expenditure</b>		<u>(22,923,340)</u>	<u>(39,757,048)</u>	<u>(31,411,790)</u>

## City of Greater Geraldton

Rate Setting Statement (by Nature) (continued)  
for the year ended 30 June 2021

\$	Notes	2021 Actual	2021 Budget	2020 Actual
<b>Capital Revenue</b>				
Proceeds from Disposal of Assets	23	1,968,592	2,397,000	685,590
Proceeds from New Debentures	25(b)	200,000	10,000,000	-
Self-Supporting Loan Principal Income	25(a)	68,497	52,978	69,939
Non-Operating Grants, Subsidies and Contributions	32	5,157,970	7,761,253	7,130,966
<b>Net Capital Revenue</b>		<u>7,395,059</u>	<u>20,211,231</u>	<u>7,886,495</u>
<b>Transfers</b>				
Transfers to Reserves (Restricted Assets)	14	(13,956,067)	(2,369,000)	(8,683,054)
Transfers from Reserves (Restricted Assets)	14	4,122,791	5,058,000	7,709,729
<b>Net Transfers</b>		<u>(9,833,276)</u>	<u>2,689,000</u>	<u>(973,325)</u>
Surplus/(Deficit) July 1 B/Fwd	26(b)	6,535,662	1,965,228	4,516,556
Surplus/(Deficit) June 30 C/Fwd	26(b)	4,896,000	3,889,767	6,535,662
<b>Amount Raised from Rates</b>	26(a)	<u>(45,601,602)</u>	<u>(45,683,248)</u>	<u>(46,589,662)</u>

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

### Contents of the Notes accompanying the Financial Statements

<b>Note</b>	<b>Details</b>	<b>Page</b>
1	Significant Accounting Policies	12
2	Revenues and Expenses	14
3	Cash and Cash Equivalents	26
4	Financial Assets	27
5	Trade and Other Receivables	28
6	Inventories	30
7	Property, Plant and Equipment	31
8	Infrastructure	33
9	Contract Balances	38
10	Leases	39
11	Trade and Other Payables	41
12	Borrowings	42
13	Provisions	43
14	Reserves - Cash/Investment Backed	44
15	Reserves - Asset Revaluation	46
16	Notes to the Statement of Cash Flows	47
17	Contingent Liabilities and Contingent Assets	48
18	Capital and Leasing Commitments	49
19	Controlled Entities, Associated Entities & Interests in Joint Ventures	49
20	Trust Funds	50
21	Total Assets by Function and Activity	50
22	Acquisition of Assets	51
23	Disposal of Assets	52
24	Financial Ratios	53
25	Information on Borrowings	56
26	Rating Information	59
27	Specified Area Rate	61
28	Service Charges	61
29	Discounts, Incentives, Concessions and Write-offs	61
30	Interest Charges and Instalments	62
31	Fees and Charges	63
32	Grants, Subsidies and Contributions	63
33	Employee Numbers	64
34	Councillor Remuneration	65
35	Employee Costs	68
36	Major Land Transactions	68
37	Trading Undertakings and Major Trading Undertakings	69
38	Financial Risk Management	71
39	Fair Value Measurements	76
40	"Held for Sale" Non Current Assets & Disposal Groups	83
41	Investment Properties	83
42	Intangible Assets	83
43	Equity - Retained Earnings and Reserves Adjustments	84
44	Discontinued Operations	86
45	Events occurring after the Reporting Period	87
46	Transactions with Related Parties	87
47	Initial Application of Australian Accounting Standards	89
48	New Accounting Standards and Interpretations	89
	<b>Additional Disclosures</b>	
49	Council Information & Contact Details	90

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 1. Summary of Significant Accounting Policies

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The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### (a) 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.

##### **AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

The Local Government (Financial Management) Regulations 1996 take precedence over Australian Accounting Standards. Prior to 1 July 2019, Financial Management Regulation 16 arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the City. This was not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

From 1 July 2019, the City has applied AASB 16 Leases which requires leases to be included by lessees in the statement of financial position. Also, the Local Government (Financial Management) Regulations 1996 have been amended to 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 (i.e. not included in the statement of financial position) 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.

The City has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

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 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.

##### (b) 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 Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 1. Summary of Significant Accounting Policies (continued)

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##### (c) 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.

##### (d) New and revised Accounting Standards adopted during the year

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

These were:

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

The impact of adoption of these standards is described at Note 48.

##### (e) Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2021, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these statements that could be applicable to Councils.

##### **Effective for NFP annual reporting periods beginning on or after 1 January 2022**

- *AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- *AASB 2014-10 Sale or Contribution of Assets between and Investor and its Associate or Joint Venture (amended by AASB 2015-10 and AASB 2017-5)*

##### **Effective for NFP annual reporting periods beginning on or after 1 January 2023**

- *AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and associated standards.*

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 2. Operating Revenues and Expenses

\$	Notes	2021 Actual	2021 Budget	2020 Actual
<b>(a) Net Result</b>				
The Result includes:				
<b>(i) Charging as an Expense:</b>				
<b>Significant Expense/Revenue</b>				
The significant expense/revenue relates to the reduction in the fair value of the Council's investments	4	(11,636)	-	(5,187)
Revaluation of Infrastructure, Property, Plant & Equipment		-	-	4,382,927
<b>Auditors Remuneration</b>				
- Audit		41,585	56,000	59,540
- Other Services		-	10,000	-
<b>Bad &amp; Doubtful Debts</b>				
Rates	29(b)	54,026	30,000	3,189
General Debtors	29(b)	53,161	50,000	77,985
<b>Depreciation &amp; Amortisation</b>				
<i>Property, Plant &amp; Equipment</i>				
- Buildings	7(b)	2,010,723	2,175,312	2,121,410
- Furniture and Equipment		434,616	329,372	352,678
- Plant and Equipment		1,427,818	1,697,088	1,760,820
<i>Infrastructure</i>				
- Roads	8(b)	16,416,416	16,147,730	16,099,319
- Recreation		2,002,822	1,735,118	1,737,716
- Car Parks		494,094	40,300	481,590
- Meru Landfill		572,915	896,535	684,481
- Airport		1,110,618	1,553,228	1,207,068
- Effluent Scheme		18,382	14,656	18,354
<i>Right of Use Assets</i>				
- Library RFID Self loan station	10	14,788	14,788	14,788
- Printers		43,040	42,837	32,191
		<u>24,546,232</u>	<u>24,646,964</u>	<u>24,510,415</u>
<b>Interest Expenses (Finance Costs)</b>				
Debentures	25(a)	1,131,442	1,263,699	1,333,434
Leases		10,833	11,035	11,185
		<u>1,142,275</u>	<u>1,274,734</u>	<u>1,344,619</u>
<b>(ii) Crediting as Revenue:</b>				
<b>Interest Earnings</b>				
Investments - Reserve Funds		151,393	150,000	326,074
Investments - Other Funds		274,168	158,163	978,034
Other Interest Revenue	30	132,803	92,000	688,090
		<u>558,364</u>	<u>400,163</u>	<u>1,992,198</u>

## City of Greater Geraldton

### Notes to the Financial Statements for the year ended 30 June 2021

#### Note 2. Operating Revenues and Expenses (continued)

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\$

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#### (b). Statement of Objectives, Reporting Programs and Nature or Type

City of Greater Geraldton is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

#### **REPORTING PROGRAM DESCRIPTIONS**

Council operations that are disclosed encompass the following service orientated activities/programs:

#### **GOVERNANCE**

Objective: To provide a decision making process for the efficient allocation of scarce resources.

Activities: Includes the activities of members of council and the administrative support available to the council for the provision of governance to the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

#### **GENERAL PURPOSE FUNDING**

Objective: To collect revenue to allow for the provision of services.

Activities: Rates, general purpose government grants, and interest revenue.

#### **LAW, ORDER, PUBLIC SAFETY**

Objective: To provide services to help ensure a safer and environmentally conscious community.

Activities: Supervision and enforcement of various local laws relating to fire prevention, animal control and protection of the environment and other aspects of public safety including emergency services.

#### **HEALTH**

Objective: To provide services to achieve community and environmental health.

Activities: Maternal and infant health facilities, meat inspection services, inspection of food outlets, noise control and pest control services.

#### **EDUCATION AND WELFARE**

Objective: To provide services to children, youth, the elderly and disadvantaged persons.

Activities: Pre-school and other education services, child minding facilities, playgroups and senior citizens centres.

## City of Greater Geraldton

### Notes to the Financial Statements for the year ended 30 June 2021

#### Note 2. Operating Revenues and Expenses (continued)

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\$

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#### (b). Statement of Objectives, Reporting Programs and Nature or Type (continued)

##### **HOUSING**

Objective: To provide and maintain staff housing and elderly residents' housing.

Activities: Provision and maintenance of staff housing and elderly residents' housing.

##### **COMMUNITY AMENITIES**

Objective: To provide services required by the community.

Activities: Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemeteries and public conveniences.

##### **RECREATION AND CULTURE**

Objective: To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.

Activities: Operations of the aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

##### **TRANSPORT**

Objective: To provide safe, effective and efficient transport services to the community.

Activities: Construction (if not capitalised) and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and traffic control. Aerodromes and water transport facilities, cleaning of streets and maintenance of street trees, street lighting etc.

##### **ECONOMIC SERVICES**

Objective: To help promote the City and its economic wellbeing.

Activities: Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control, standpipes and building control.

##### **OTHER PROPERTY & SERVICES**

Objective: To monitor and control council's overheads operating accounts. Maintain Council's owned and leased land and buildings.

Activities: Private works operation, plant repair and operation costs and engineering operation costs. Operations and maintenance of the City's land and buildings.



## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 2. Operating Revenues and Expenses (continued)

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\$

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##### (c) Nature or Type Classifications

City of Greater Geraldton is required by the Australian Accounting Standards to disclose revenue and expenditure according to its nature or type classification. The following nature or type descriptions are also required by State Government regulations.

##### REVENUE

###### Rates

All rates levied under the Local Government Act 1995. Includes general, differential, specific area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. Excludes administration fees, interest on instalments, interest on arrears, service charges and waste and sewerage rates.

###### Operating Grants, Subsidies and Contributions

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

###### Non-Operating Grants, Subsidies and Contributions

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

###### Profit on Asset Disposal

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

###### Fees and Charges

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

###### Service Charges

Service charges imposed under Division 6 of Part 6 of the Local Government Act 1995. Regulation 54 of the Local Government (Financial Management) Regulations identifies the charges which can be raised. These are television and radio rebroadcasting, underground electricity, property surveillance and security and water services. Excludes rubbish removal and charges for the provision of waste services.

###### Interest Earnings

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

###### Other Revenue

Other revenue, which cannot be classified under the above headings, includes transfers from Trust to Municipal accounts and internal transfers, dividends, discounts, rebates, etc.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 2. Operating Revenues and Expenses (continued)

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\$

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##### (c) Nature or Type Classifications (continued)

#### EXPENDITURE

##### Employee Costs

All costs associated with the employment of persons such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefits tax etc.

##### Material and Contracts

All expenditure on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc.

##### Utilities (Gas, Electricity, Water, etc.)

Expenditures made to respective agencies for the provision of power, gas or water. Excludes expenditure incurred for the re-instatement of road works on behalf of these agencies.

##### Depreciation & Amortisation on Non-Current Assets

Depreciation and amortisation expense raised on all classes of assets.

##### Loss on Asset Disposal

Loss on the disposal of fixed assets.

##### Interest Expenses

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and re-financing expenses.

##### Insurance

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

##### Other Expenditure

Statutory fees, taxes, provision of bad debts, internal transfers, member's fees. Donations and subsidies made to community groups.

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup> 1-Jul-19	Received <sup>2</sup> 2020	Expended <sup>3</sup> 2020	Closing Balance <sup>1</sup> 30-Jun-20	Received <sup>2</sup> 2021	Expended <sup>3</sup> 2021	Closing Balance 30-Jun-21
\$							
<b>(d). Conditions Over Grants, Subsidies &amp; Contributions</b>							
<b>Grant/Subsidy/Contribution</b>							
Airport Projects	2,699,286	45,255	(1,978,000)	<b>766,541</b>	57,470	(39,370)	<b>784,641</b>
Airport Security Screening & Baggage Handling	20,900	-	-	<b>20,900</b>	-	-	<b>20,900</b>
Art Contribution from ALDI	27,273	-	-	<b>27,273</b>	-	-	<b>27,273</b>
Art Gallery- Donation to Lindsay Collection	12,901	-	-	<b>12,901</b>	-	-	<b>12,901</b>
Art Gallery- Community Cultural Development	3,454	-	-	<b>3,454</b>	-	-	<b>3,454</b>
Art Gallery Park Design	-	-	-	-	29,607	-	<b>29,607</b>
Artwork Acquisitions	6,750	-	(6,750)	-	-	-	-
Building Works	457,000	-	(402,000)	<b>55,000</b>	98,885	(25,429)	<b>128,456</b>
Beach Emergency Number (BEN) Signs	-	-	-	-	30,000	-	<b>30,000</b>
BFS Water Tanks	-	-	-	-	27,340	-	<b>27,340</b>
Big Sky Readers & Writers Festival 2021	-	-	-	-	24,950	-	<b>24,950</b>
Bush Fire Brigade 2020-21 Operating Grant	-	-	-	-	24,952	(24,952)	-
Carpark Works	663,556	44,996	(243,556)	<b>464,996</b>	44,553	(18,297)	<b>491,252</b>
Cathedral / Sanford Intersection - Federal Black Spot	-	451,468	-	<b>451,468</b>	-	(426,468)	<b>25,000</b>
Carpark No 5 Sanford Street	-	-	-	-	8,000	-	<b>8,000</b>
Cape Burney Roof Raising - City Component	-	-	-	-	20,000	-	<b>20,000</b>
CBD Streetscapes (Revitalisation)	1,300,645	-	(1,300,645)	-	-	-	-
Chapman Road CBD Activation Pilot	-	-	-	-	15,580	(13,701)	<b>1,879</b>
Challenge Camps	4,328	-	(4,328)	-	-	-	-
Chapman & Greenough River Flood Project	50,809	-	(50,809)	-	-	-	-
Chapman Road Foreshore	164,465	-	(164,465)	-	-	-	-
CircuitWest - Audience Development Research (QPT)	-	6,000	-	<b>6,000</b>	-	(6,000)	-
Community Grants Round 18	2,000	-	(2,000)	-	-	-	-
Community Grants Round 19	40,870	-	(36,500)	<b>4,370</b>	-	(4,370)	-
Community Grants Round 20	3,088	-	(3,088)	-	-	-	-

(continued on next page)

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup> 1-Jul-19	Received <sup>2</sup> 2020	Expended <sup>3</sup> 2020	Closing Balance <sup>1</sup> 30-Jun-20	Received <sup>2</sup> 2021	Expended <sup>3</sup> 2021	Closing Balance 30-Jun-21
\$							
<b>(d). Conditions Over Grants, Subsidies &amp; Contributions (continued)</b>							
<b>Grant/Subsidy/Contribution (continued)</b>							
Community Grants Round 21	32,569	-	(23,698)	<b>8,871</b>	-	(3,910)	<b>4,961</b>
Community Grants Round 22	-	5,098	-	<b>5,098</b>	-	-	<b>5,098</b>
Community Grants Round 24	-	-	-	-	7,832	-	<b>7,832</b>
Community Project Support Program 2020-21	-	-	-	-	13,000	-	<b>13,000</b>
Corporate Wi-Fi Upgrade	-	-	-	-	212,227	-	<b>212,227</b>
Cruise Destination Welcome Initiative	-	20,000	-	<b>20,000</b>	-	(20,000)	-
COVID-19 Community Relief and Recovery Fund	-	-	-	-	15,806	(352)	<b>15,454</b>
Derna Parade Toilet	301	-	(301)	-	-	-	-
Develop Local History Education Pack	-	-	-	-	4,380	(3,652)	<b>728</b>
Drummond Cove Groyne Construction and Sand Nourishment	-	-	-	-	406,402	(219,850)	<b>186,552</b>
Dual Use Pathways- Bikewest (Champion Bay)	7,000	-	-	<b>7,000</b>	-	-	<b>7,000</b>
Eastern Breakwater	130,000	-	-	<b>130,000</b>	-	-	<b>130,000</b>
Eastward Road (Old Depot Site)	190,000	-	(190,000)	-	-	-	-
Environmental Projects - Signage	50,000	-	-	<b>50,000</b>	-	-	<b>50,000</b>
Every Club	5,359	-	(5,359)	-	4,200	(4,200)	-
Fire as a Biodiversity Management Tool in the Midwest Region	2,466	-	(2,466)	-	-	-	-
GABA Car Park	-	-	-	-	18,000	(2,000)	<b>16,000</b>
Geraldton Intensive Youth Support Program	-	43,461	-	<b>43,461</b>	15,536	(30,274)	<b>28,723</b>
Gallery Activator Salary Funds - There Were Moments of Transformati	-	-	-	-	6,094	(6,094)	-
Geraldton Little Athletics Centre Inc - CSRFF	-	-	-	-	11,668	-	<b>11,668</b>
Goulds Road - 2020/21 Regional Project Grant	-	-	-	-	90,877	(90,877)	-
Geraldton Theatre Production	142,635	-	(93,093)	<b>49,542</b>	30,458	(3,434)	<b>76,566</b>
Greenough River Estuary Nature Walk Trail - Stage 3	1,226	-	(1,226)	-	-	-	-

(continued on next page)

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup> 1-Jul-19	Received <sup>2</sup> 2020	Expended <sup>3</sup> 2020	Closing Balance <sup>1</sup> 30-Jun-20	Received <sup>2</sup> 2021	Expended <sup>3</sup> 2021	Closing Balance 30-Jun-21
\$							
<b>(d). Conditions Over Grants, Subsidies &amp; Contributions (continued)</b>							
<b>Grant/Subsidy/Contribution (continued)</b>							
Federation Park Upgrade & Improvements	2,727	-	-	<b>2,727</b>	-	(2,727)	-
HMAS Memorial	9,204	-	-	<b>9,204</b>	-	-	<b>9,204</b>
HMAS Sydney II 80th Memorial Service	-	-	-	-	71,000	-	<b>71,000</b>
Install Travel Information Signage	16,000	-	(16,000)	-	-	-	-
John Willcock Link - Main Roads	-	6,253	-	<b>6,253</b>	-	(6,253)	-
Land Developments	1,716,000	-	(1,424,184)	<b>291,816</b>	-	(57,331)	<b>234,484</b>
Hotspot	-	-	-	-	10,000	-	<b>10,000</b>
ICT - Infrastructure Assets	-	-	-	-	99,832	-	<b>99,832</b>
Library SirsiDynix Project	963	-	(963)	-	-	-	-
Local Roads and Community Infrastrucutre (LRCI) Program - Phase 1	-	-	-	-	250,411	(143,406)	<b>107,006</b>
Local Roads and Community Infrastrucutre (LRCI) Program - Phase 2	-	-	-	-	944,319	-	<b>944,319</b>
Mayoral Discretionary Fund	-	-	-	-	8,250	(750)	<b>7,500</b>
Menshed Community Grants Round 13 and 14 for new building	41,897	-	-	<b>41,897</b>	-	-	<b>41,897</b>
Meru Waste Disposal Composting Facility	-	-	-	-	268,200	(100,000)	<b>168,200</b>
Meru Landfill	1,314,545	-	(1,169,545)	<b>145,000</b>	-	-	<b>145,000</b>
Meru Waste Transfer Station	2,319,194	-	(220,000)	<b>2,099,194</b>	-	-	<b>2,099,194</b>
Metocean Data Collection Sunset Beach	-	14,996	-	<b>14,996</b>	-	(12,519)	<b>2,478</b>
Midwest Online Events Calendar & Travel Guide	-	6,960	-	<b>6,960</b>	-	(2,280)	<b>4,680</b>
Mullewa Building - Insurance Payment	450,000	-	-	<b>450,000</b>	-	-	<b>450,000</b>
Mullewa Youth Service	-	-	-	-	1,612	(1,612)	-
Mullewa Cemetery	-	-	-	-	19,000	(14,975)	<b>4,025</b>
Mullewa Gym for the Local Football Club and Community	-	-	-	-	5,658	-	<b>5,658</b>
Mullewa Sewerage Pumping Mains	100,000	-	-	<b>100,000</b>	-	-	<b>100,000</b>
Mullewa Sewer System - Brookfield Rail	49,450	-	-	<b>49,450</b>	-	-	<b>49,450</b>

(continued on next page)

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup> 1-Jul-19	Received <sup>2</sup> 2020	Expended <sup>3</sup> 2020	Closing Balance <sup>1</sup> 30-Jun-20	Received <sup>2</sup> 2021	Expended <sup>3</sup> 2021	Closing Balance 30-Jun-21
\$							
(d). Conditions Over Grants, Subsidies & Contributions (continued)							
<b>Grant/Subsidy/Contribution (continued)</b>							
Mullewa Sewerage System	-	-	-	-	19,100	-	<b>19,100</b>
NWCH Path	50,932	-	-	<b>50,932</b>	-	-	<b>50,932</b>
Olive Street POS	450,103	-	-	<b>450,103</b>	-	(203,401)	<b>246,702</b>
Parks & Gardens	-	-	-	-	1,188,850	(314,320)	<b>874,530</b>
Park Upgrade Program	85,000	-	-	<b>85,000</b>	-	-	<b>85,000</b>
Pathway Renewals	344,923	17,000	(298,413)	<b>63,510</b>	667,330	(160,458)	<b>570,382</b>
Pass Street Pedestrian Crossing	-	-	-	-	132,481	-	<b>132,481</b>
Public Open Space - Sunset Beach Estate	45,093	-	-	<b>45,093</b>	-	-	<b>45,093</b>
Purchase & Installation of New Body Scanning Equipment	-	255,000	-	<b>255,000</b>	-	(235,657)	<b>19,343</b>
QPT Regional Performing Arts - Lotterywest	-	26,500	-	<b>26,500</b>	-	(15,741)	<b>10,759</b>
Railway Street Safe Active Street	-	53,439	-	<b>53,439</b>	549,432	-	<b>602,871</b>
Renewal of Parking Meters	-	-	-	-	18,174	-	<b>18,174</b>
Retention Amounts (EVO, Convic and Mitchell & Brown, WACB & RDH)	65,958	-	-	<b>65,958</b>	-	-	<b>65,958</b>
Road Renewals	74,988	-	(72,340)	<b>2,648</b>	-	-	<b>2,648</b>
RoadWise - Strengthening Communities	4,452	-	-	<b>4,452</b>	-	-	<b>4,452</b>
Runway 08/26 Surface Renewal	-	-	-	-	48,926	(32,203)	<b>16,723</b>
Seniors User-Friendly Business Program	3,256	-	-	<b>3,256</b>	-	(3,256)	-
Streets, Roads, Bridges & Depots	-	-	-	-	663,261	(342,701)	<b>320,560</b>
South Tomi Project	8,000	-	-	<b>8,000</b>	-	-	<b>8,000</b>
Stuart Road (No 24) Cash inlieu Contribution Revegetation	1,941	-	-	<b>1,941</b>	-	-	<b>1,941</b>
Sunset Beach	-	37,600	-	<b>37,600</b>	-	-	<b>37,600</b>

(continued on next page)

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup> 1-Jul-19	Received <sup>2</sup> 2020	Expended <sup>3</sup> 2020	Closing Balance <sup>1</sup> 30-Jun-20	Received <sup>2</sup> 2021	Expended <sup>3</sup> 2021	Closing Balance 30-Jun-21
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## (d). Conditions Over Grants, Subsidies &amp; Contributions (continued)

**Grant/Subsidy/Contribution** (continued)

Swimming Areas & Beaches	-	-	-	-	1,136,753	(286,913)	<b>849,840</b>
Verita Road Bridge	201,816	-	-	<b>201,816</b>	-	-	<b>201,816</b>
Underground Drainage	-	-	-	-	148,808	-	<b>148,808</b>
Walkaway Public Hall	-	-	-	-	76,529	-	<b>76,529</b>
Wind on Water (WoW) Fest 2020	-	-	-	-	2,500	-	<b>2,500</b>
<b>Total Unexpended Capital Works and Grants</b>	<u>13,375,322</u>	<u>1,034,026</u>	<u>(7,709,730)</u>	<u>6,699,619</u>	<u>7,548,243</u>	<u>(2,879,732)</u>	<u>11,368,129</u>
Beresford Foreshore Coastal Protection and Enhancement <sup>(b)</sup>	4,708,118	-	(1,637,520)	<b>3,070,598</b>	3,494	(53,525)	<b>3,020,567</b>
<b>Total Unspent Grants, Subsidies &amp; Contributions (WATC)</b>	<u>4,708,118</u>	<u>-</u>	<u>(1,637,520)</u>	<u>3,070,598</u>	<u>3,494</u>	<u>(53,525)</u>	<u>3,020,567</u>

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 2. Operating Revenues and Expenses (continued)

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\$

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##### (d). Conditions Over Grants, Subsidies & Contributions (continued)

###### **Grant/Subsidy/Contribution (continued)**

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

###### Grant income under AASB 1058

Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received. Councils considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

###### Capital grants

Capital grants received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by the Council.



## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 2. Operating Revenues and Expenses (continued)

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##### (d). Conditions Over Grants, Subsidies & Contributions (continued)

###### Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous period.
- (2) - New grants/contributions which were recognised as revenue during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenue in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.
- (4) - Grants received but not expected to be fully expended in the next financial year.
- (5) - Funding is provided under a Royalties for Region - Financial Assistance Agreement between the Department of Regional Development and the City of Greater Geraldton. The full amount of the Funding provided under this Agreement is required to be invested by the City of Greater Geraldton with the Western Australian Treasury Corporation (WATC) until expended as per agreed and approved budget. Under the conditions of the agreement the City has opened a separate Overnight Cash Deposit Facility (ODCF) that gives the City access to the funds at call. The Department of Regional Development is joint signatory to the WATC ODCF account related to the funding and all withdrawals/drawdowns will require the approved signatures of both the Department and the City before WATC will release the funds. Interest received on the ODCF is recognised as liability and added to the Unexpended Non-Operating Grants account to be utilised for the Project in accordance with the Financial Assistance Agreement.
- (6) - Economic Dependency  
A significant portion of revenue is received by way of grants from the State and Federal Government. The total of grant revenue from government sources is disclosed within the Statement of Comprehensive Income.

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 3. Cash and Cash Equivalents

\$	Notes	2021 Actual	2020 Actual
Cash - Unrestricted		8,880,651	8,783,406
Cash - Restricted*		22,515,782	26,079,553
<b>Total Cash and Cash Equivalents</b>	16(a)	<b><u>31,396,433</u></b>	<b><u>34,862,959</u></b>
<i>* Note 4 includes Reserve investments of \$13,347,015. Total restricted cash is \$35,862,797</i>			
<b>The following restrictions have been imposed by regulations or other externally imposed requirements:</b>			
Parking Land Reserve	14	551,759	551,759
Unexpended Capital Works & Restricted Grant Reserve	14	11,368,129	6,699,619
Employee Entitlements Reserve	14	3,100,000	3,100,000
Major Initiatives Reserve	14	5,281,655	1,781,655
Asset Renewal Reserve	14	11,144,354	10,803,605
Point Moore Reserve	14	110,318	72,317
Money In Lieu of Public Open Space	14	1,286,015	-
<b>Total Reserves</b>		<b><u>32,842,230</u></b>	<b><u>23,008,955</u></b>
Unspent Grants	2(d)	3,020,567	3,070,598
<b>Total Unspent Grants and Loans</b>		<b><u>3,020,567</u></b>	<b><u>3,070,598</u></b>
<b>Total Restricted Cash</b>		<b><u>35,862,797</u></b>	<b><u>26,079,553</u></b>

**SIGNIFICANT ACCOUNTING POLICY**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments. The carrying value of cash at bank and short term deposits with original maturities of less than three months approximates their fair value.

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 4. Financial Assets

\$	Notes	2021 Actual	2020 Actual
<b>Current</b>			
Financial assets (debt securities) at amortised cost		18,910,378	2,352,977
Financial assets previously classified as loans and receivables		66,000	-
<b>Total Current Financial Assets</b>		<b>18,976,378</b>	<b>2,352,977</b>
<b>Financial assets (debt securities) at amortised cost</b>			
Long term deposits with original maturities greater than 3 month		18,847,015	2,300,000
Self Supporting Loans		63,363	52,977
		<b>18,910,378</b>	<b>2,352,977</b>
<b>Financial assets previously classified as loans and receivables</b>			
Mortgage backed securities		66,000	-
		<b>66,000</b>	<b>-</b>
<b>Non-Current</b>			
Financial assets at fair value through profit and loss		332,131	320,495
Financial assets (debt securities) at amortised cost		319,681	198,565
<b>Total Non-Current Financial Assets</b>		<b>651,812</b>	<b>519,059</b>
<b>Financial assets at fair value through profit and loss</b>			
Local Government House Trust		332,131	320,495
		<b>332,131</b>	<b>320,495</b>
<b>Financial assets (debt securities) at amortised cost</b>			
Self Supporting Loans		319,681	198,565
		<b>319,681</b>	<b>198,565</b>
<b>Movements in Financial Assets at Fair Value through Profit and Loss</b>			
<b>At beginning of the year</b>		320,495	315,308
Additions		11,636	5,187
<b>At end of the year</b>		<b>332,131</b>	<b>320,495</b>

**SIGNIFICANT ACCOUNTING POLICY****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.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 4. Financial Assets (continued)

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##### 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.

##### Previous accounting policy: available for sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were either not suitable to be classified as other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

##### Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

#### Note 5. Trade & Other Receivables

\$	Notes	2021 Actual	2020 Actual
<b>Current</b>			
Rates		4,858,566	4,825,083
Sundry Debtors		1,201,306	926,986
GST Net Position		317,825	312,352
Interest		-	56,024
Accrued Income		68,665	749,713
Prepayments		1,015,566	971,320
Less: provision for uncollectability	38(b)	(144,769)	(109,164)
<b>Total Current Trade &amp; Other Receivables</b>		<u><u>7,317,159</u></u>	<u><u>7,732,314</u></u>
<b>Non-Current</b>			
Rates Outstanding - Pensioners		576,695	535,044
<b>Total Non-Current Trade &amp; Other Receivables</b>		<u><u>576,695</u></u>	<u><u>535,044</u></u>

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 5. Trade & Other Receivables (continued)

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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 38.

#### **Previous accounting policy: Impairment of trade receivables**

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

#### **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 therefore measures them subsequently at amortised cost using the effective interest rate method.

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

#### **COVID 19 Response**

In its response to COVID-19, the City offered rent relief to some tenants who were badly affected by the pandemic. The rent relief was in line with the Commercial Tenancies (COVID-19 Response) Act 2020 WA. The relief was in two parts, a portion of the rentals was to be waived and another portion was to be deferred, all based on the reduction of revenue of at least 30% over the previous year.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 6. Inventories

\$	Notes	2021 Actual	2020 Actual
<b>Current</b>			
Fuel and Materials		327,924	400,117
Resalable Merchandise		35,887	106,271
<b>Total Current Inventories</b>		<u><u>363,811</u></u>	<u><u>506,388</u></u>

#### **SIGNIFICANT ACCOUNTING POLICIES**

##### **(i) Raw materials and stores, work in progress and finished goods**

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the established selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

##### **(ii) Land Held for resale/capitalisation of borrowing costs**

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred. Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

Revenue arising from the sale of property is recognised in the operating statement as at the time of signing a binding contract of sale. Land held for resale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 7a. Property, Plant and Equipment

\$	Notes	2021 Actual	2020 Actual
Land - Fair Value		59,750,238	83,726,760
Land - Cost (Additions at fair value)		124,762	1,925,915
		<u>59,875,000</u>	<u>85,652,675</u>
Buildings - Fair Value		102,910,478	110,145,686
Buildings - Cost (Additions at fair value)		1,322,374	2,760,164
Less Accumulated Depreciation		-	(6,074,628)
Less Accumulated Impairment		(152,853)	-
		<u>104,079,999</u>	<u>106,831,222</u>
Furniture and Equipment - Fair Value		1,722,657	901,834
Furniture and Equipment - Cost (Additions at fair value)		368,922	917,500
Less Accumulated Depreciation		(690,617)	(352,678)
		<u>1,400,962</u>	<u>1,466,656</u>
Plant and Equipment - Fair Value		15,635,324	13,798,628
Plant and Equipment - Cost (Additions at fair value)		818,253	2,153,379
Less Accumulated Depreciation		(7,395,942)	(6,139,641)
		<u>9,057,635</u>	<u>9,812,366</u>
Artwork - Fair Value		813,609	803,609
Artwork - Cost (Additions at fair value)		-	10,000
		<u>813,609</u>	<u>813,609</u>
<b>Total Property, Plant &amp; Equipment</b>	7(b)	<u><u>175,227,205</u></u>	<u><u>204,576,528</u></u>

## City of Greater Geraldton

Notes to the Financial Statements  
for the year ended 30 June 2021

## Note 7b. Property, Plant and Equipment (continued)

## Movements in Carrying Amounts

		Land	Buildings	Furniture and Equipment	Plant and Equipment	Artwork	Total
\$	Notes	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	
Balance as at 1 July 2020		85,652,675	106,831,222	1,466,656	9,812,366	813,609	204,576,528
Additions							
- Renewal	22		805,159	358,634	530,163	-	1,693,956
- New	22	124,762	517,215	10,288	288,090	-	940,355
Disposals	23	(1,794,005)	(520,762)	-	(316,682)	-	(2,631,450)
Revaluation - (Decrements)	15	(24,108,432)	(233,860)	-	-	-	(24,342,292)
Impairment - (Decrements)		-	(152,853)	-	-	-	(152,853)
Depreciation	2(a)	-	(2,010,723)	(434,616)	(1,427,818)	-	(3,873,157)
Depreciation on Disposal		-	35,923	-	171,516	-	207,439
Reclassifications between Asset Classes		-	(1,191,322)	-	-	-	(1,191,322)
<b>Property, Plant &amp; Equipment at 30 June 2021</b>		<b>59,875,000</b>	<b>104,079,999</b>	<b>1,400,962</b>	<b>9,057,635</b>	<b>813,609</b>	<b>175,227,205</b>
Balance as at 1 July 2019		84,919,345	106,639,744	1,584,409	9,765,147	696,946	203,605,591
Additions							
- Renewal	22	-	1,577,478	214,025	1,914,836	-	3,706,339
- New	22	1,925,915	1,182,686	703,475	238,543	10,000	4,060,619
Disposals	23	(357,641)	(623,374)	(708,943)	(737,988)	-	(2,427,946)
Revaluation - (Decrements)	15	-	(480,030)	-	-	-	(480,030)
Depreciation	2(a)	-	(2,121,410)	(352,678)	(1,760,820)	-	(4,234,908)
Depreciation on Disposal		-	42,603	-	379,747	-	422,350
Reclassifications between Asset Classes		(834,944)	613,526	26,368	12,900	106,663	(75,487)
<b>Property, Plant &amp; Equipment at 30 June 2020</b>		<b>85,652,675</b>	<b>106,831,222</b>	<b>1,466,656</b>	<b>9,812,365</b>	<b>813,609</b>	<b>204,576,528</b>



## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 8a. Infrastructure

\$	Notes	2021 Actual	2020 Actual
Roads - Fair Value		615,513,357	603,384,916
Roads - Cost (Additions at fair value)		11,632,657	12,128,441
Less Accumulated Depreciation		(48,238,689)	(31,822,273)
		<u>578,907,325</u>	<u>583,691,084</u>
Recreation - Fair Value		53,505,852	48,165,839
Recreation - Cost (Additions at fair value)		3,118,695	4,194,502
Less Accumulated Depreciation		(5,492,607)	(3,489,785)
		<u>51,131,940</u>	<u>48,870,556</u>
Car Parks - Fair Value		11,832,571	11,462,208
Car Parks - Cost (Additions at fair value)		124,127	324,552
Less Accumulated Depreciation		(1,409,841)	(915,747)
		<u>10,546,857</u>	<u>10,871,013</u>
Meru Landfill - Fair Value		18,982,142	17,455,166
Meru Landfill - Cost (Additions at fair value)		97,960	1,462,516
Less Accumulated Depreciation		(2,097,692)	(1,524,777)
		<u>16,982,410</u>	<u>17,392,905</u>
Airport - Fair Value		25,985,800	25,747,143
Airport - Cost (Additions at fair value)		185,722	238,657
Less Accumulated Depreciation		(1,110,618)	-
		<u>25,060,905</u>	<u>25,985,800</u>
Effluent Scheme - Fair Value		586,394	586,394
Less Accumulated Amortisation		(53,356)	(34,974)
		<u>543,938</u>	<u>551,420</u>
<b>Total Infrastructure</b>	8(b)	<u><u>683,173,375</u></u>	<u><u>687,362,777</u></u>

## City of Greater Geraldton

Notes to the Financial Statements  
for the year ended 30 June 2021

## Note 8b. Infrastructure (continued)

## Movements in Carrying Amounts

		Roads	Recreation	Car Parks	Meru Landfill	Airport	Effluent Scheme	Total
\$	Notes	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	
Balance as at 1 July 2020		583,691,084	48,870,556	10,871,013	17,392,905	25,985,800	551,420	687,362,777
Additions								
- Renewal	22	7,085,463	2,538,567	113,383	19,745	164,893	10,900	9,932,951
- New	22	4,547,194	580,128	10,744	78,215	20,829	-	5,237,110
Depreciation (Expense)	2(a)	(16,416,416)	(2,002,822)	(494,094)	(572,915)	(1,110,618)	(18,382)	(20,615,246)
Reclassifications between Asset Classes		-	1,145,511	45,811	-	-	-	1,191,322
Other Movements		-	-	-	64,460	-	-	64,460
<b>Infrastructure at 30 June 2021</b>		<b>578,907,325</b>	<b>51,131,940</b>	<b>10,546,857</b>	<b>16,982,410</b>	<b>25,060,905</b>	<b>543,938</b>	<b>683,173,375</b>
Balance as at 1 July 2019		585,123,301	49,761,450	10,133,495	17,956,086	51,560,812	569,774	715,104,917
Additions								
- Renewal	22	8,964,422	2,654,286	35,327	6,221	10,170	-	11,670,426
- New	22	3,164,019	1,540,216	289,225	1,456,295	228,487	-	6,678,242
Disposals	21	(2,899)	-	-	-	-	-	(2,899)
Revaluation - (Decrements)	13	-	-	-	-	(24,593,701)	-	(24,593,701)
Depreciation (Expense)	2(a)	(16,099,319)	(1,737,716)	(481,590)	(684,481)	(1,207,068)	(18,354)	(20,228,528)
Depreciation on Disposal		46	-	-	-	-	-	46
Reclassifications between Asset Classes		2,541,514	(3,347,679)	894,555	-	(12,900)	-	75,491
Other Movements		-	-	-	(1,341,216)	-	-	(1,341,216)
<b>Infrastructure at 30 June 2020</b>		<b>583,691,084</b>	<b>48,870,556</b>	<b>10,871,013</b>	<b>17,392,905</b>	<b>25,985,800</b>	<b>551,420</b>	<b>687,362,777</b>

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 8c. Fixed Assets

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#### **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. 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.

#### **AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY**

##### **Land under control prior to 1 July 2019**

In accordance with the then Local Government (Financial Management) Regulation 16(a)(ii), the City was previously required to include as an asset (by 30 June 2013), vested Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or regional significance. Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land.

##### **Land under roads prior to 1 July 2019**

In Western Australia, most land under roads is Crown Land, the responsibility for managing which, is vested in the local government. Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the then Local Government (Financial Management) Regulation 16(a)(i) which arbitrarily prohibited local governments from recognising such land as an asset. This regulation has now been deleted.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 8c. Fixed Assets (continued)

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##### **SIGNIFICANT ACCOUNTING POLICIES (continued)**

In respect of land under roads acquired on or after 1 July 2008, as detailed above, the then Local Government (Financial Management) Regulation 16(a)(i) prohibited local governments from recognising such land as an asset. Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail. Consequently, any land under roads acquired on or after 1 July 2008 was not included as an asset of the City.

##### **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, are 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. The City has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

##### **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 10 that details the significant accounting policies applying to leases (including right of use assets).

##### **Depreciation of Non-Current Assets**

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

All Land and Art purchases are capitalised. The remaining asset classes will be capitalised if the cost exceeds the following thresholds:

Buildings	\$5,000
Plant, Equipment & Tools	\$5,000
Furniture & Equipment	\$5,000
Computer & Electronic Equipment	\$5,000

Individual items of a similar nature purchased in bulk having an aggregate value of \$ 5,000 or more are capitalised as a fixed asset at the aggregate cost regardless of the individual price of the item.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 8c. Fixed Assets (continued)

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##### **SIGNIFICANT ACCOUNTING POLICIES** (continued)

Depreciation is recognised on a straight-line basis, using rates, which are reviewed each reporting period.

Major depreciation periods are:

Buildings - non-specialised	8 to 100 years
Furniture and equipment	3 to 10 years
Plant and equipment	5 to 20 years
Infrastructure - Roads	15 to 40 years
Infrastructure - Recreation	20 to 100 years
Infrastructure - Car Parks	20 to 100 years
Infrastructure - Meru Landfill	8 to 75 years
Infrastructure - Airport	10 to 100 years
Infrastructure - Effluent Scheme	10 to 40 years
Infrastructure - Footpaths	15 to 50 years
Infrastructure - Drainage	15 to 80 years
Right of use - Furniture and Equipment	2 to 5 years

The assets residual value 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. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 9. Contract Balances

\$	Notes	2021 Actual	2020 Actual
<b>SIGNIFICANT ACCOUNTING POLICIES</b>			
Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.			
When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable.			
When an amount of consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.			
<b>(a) Contract Assets</b>			
Contract Assets		53,865	20,484
<b>Total Contract Assets</b>		<u>53,865</u>	<u>20,484</u>
<b>Classified as:</b>			
Current contract assets		53,865	20,484
<b>Total contract assets</b>		<u>53,865</u>	<u>20,484</u>
Contracts with customers		53,865	20,484
<b>(b) Contract Liabilities</b>			
Funds received upfront to construct Council controlled assets		792,293	1,532,767
Deposits received in advance of services provided		355,034	472,563
<b>Total Contract Liabilities</b>		<u>1,147,327</u>	<u>2,005,330</u>
<b>Classified as:</b>			
Current contract liabilities		1,147,327	2,005,330
<b>Total contract liabilities</b>		<u>1,147,327</u>	<u>2,005,330</u>
<b>(c) Significant changes in contract balances</b>			
The contract assets and liabilities arose on adoption of AASB 15 and AASB 1058. Previously the revenue was recognised on receipt and therefore there was no effect on the statement of financial position.			

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 10. Leases

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##### Council as a lessee

###### **SIGNIFICANT ACCOUNTING POLICIES**

Council has leases in place over Library RFID Self Loan station and Printers. Council has applied the exception to lease accounting for leases of low-value assets and short-term leases.

Where Council assesses that an agreement contains a lease, a right of use asset and lease liability is recognised on inception of the lease. Council does not separate lease and non-lease components for any class of assets and has accounted for lease payments as a single component.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. 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. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

###### **Exceptions to lease accounting**

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

###### **Leases at significantly below market value / concessionary leases**

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

###### **Terms and conditions of leases**

###### **Library RFID Self loan station**

The lease relates to the RFID Self Loan Station at the City Library. The term of the lease is 5 years. The lease ends on the 24th of December 2020. The lease has fixed annual repayments of \$20,752. The equipment will be returned at the end of the lease.

###### **Printers**

The lease relates to printers located all over the City premises. The lease commenced on the 24th of October 2019 and the lease is for 5 years. The lease has fixed monthly repayments of \$4,174.44. At the end of the lease the City can either terminate the lease or continue with the lease.

## City of Greater Geraldton

Notes to the Financial Statements  
for the year ended 30 June 2021

## Note 10. Leases (continued)

	Library RFID Self loan station \$	Printers \$	Total \$
<b>Right of use assets</b>			
<b>2021</b>			
Opening balance	14,788	183,009	197,797
Depreciation charge	14,788	43,040	57,828
<b>Balance at 30 June 2021</b>	<b>-</b>	<b>139,969</b>	<b>139,969</b>
<b>2020</b>			
Adoption of AASB 16 at 1 July 2019	29,575		29,575
Additions to right-of-use assets	-	215,200	215,200
Depreciation charge	14,788	32,191	46,979
<b>Balance at 30 June 2020</b>	<b>14,788</b>	<b>183,009</b>	<b>197,796</b>

**Lease liabilities**

<b>Classified as:</b>	<b>2021 Actual</b>	<b>2020 Actual</b>
Current lease liability	42,444	49,637
Non-current lease liability	101,384	143,827
<b>Total lease liabilities</b>	<b>143,828</b>	<b>193,464</b>

The table below shows the maturity analysis of the lease liabilities based on contractual cashflows and therefore the amounts will not be the same as the recognised lease liability in the statement of financial position.

	< 1 year \$	1 to 5 years \$	> 5 years \$	Total \$	Total per statement of financial position \$
<b>2021</b>					
Library RFID Self Loan Station	-	-	-	-	-
Printers	50,093	108,535	-	158,628	143,827
	<u>50,093</u>	<u>108,535</u>	<u>-</u>	<u>158,628</u>	<u>143,827</u>
<b>2020</b>					
Library RFID Self Loan Station	10,376	-	-	10,376	9,715
Printers	50,093	158,629	-	208,722	183,749
	<u>60,469</u>	<u>158,629</u>	<u>-</u>	<u>219,098</u>	<u>193,464</u>



## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 10. Leases (continued)

\$	2021 Actual	2020 Actual
<b>Amounts included in the statement of comprehensive income related to leases</b>		
The following amounts have been recognised in the statement of comprehensive income for leases where Council is the lessee.		
<b>Expenses</b>		
Depreciation of right-of-use assets	57,828	46,979
Interest expense on lease liabilities	10,833	11,185
<b>Net expense relating to leases</b>	<u>68,661</u>	<u>58,164</u>

#### Amounts included in the statement of cash flows related to leases

The following amounts have been recognised in the statement of cash flows for leases where Council is the lessee.

#### Cash flows from operating activities

Payments for interest on lease liabilities	10,833	11,185
<b>Total cash inflows/(outflows) from operating activities</b>	<u>10,833</u>	<u>11,185</u>
<b>Total cash inflows/(outflows) for leases</b>	<u>10,833</u>	<u>11,185</u>

#### Note 11. Trade and Other Payables

##### Current

Sundry Creditors	10,253,834	5,973,679
Accrued Interest on Debentures	135,886	160,200
Accrued Salaries and Wages	699,529	601,227
Unexpended Non-Operating Grants (WATC)	3,020,567	3,070,598
Income Received in Advance	-	50,624
<b>Total Current Trade and Other Payables</b>	<u>14,109,816</u>	<u>9,856,328</u>

#### SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 12. Borrowings

\$	Notes	2021 Actual	2020 Actual
<b>Current</b>			
Secured by Floating Charge - Debentures	25(a)	4,600,668	4,798,496
<b>Total Current Borrowings</b>		<u>4,600,668</u>	<u>4,798,496</u>
<b>Non-Current</b>			
Secured by Floating Charge - Debentures	25(a)	23,864,366	28,280,554
<b>Total Non-Current Borrowings</b>		<u>23,864,366</u>	<u>28,280,554</u>

#### **SIGNIFICANT ACCOUNTING POLICIES**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid for the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date. 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.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 13. Provisions

\$	2021 Actual	2020 Actual
<b>Current</b>		
Annual Leave	2,091,348	2,442,805
Long Service Leave	2,479,633	2,268,028
Sick Leave	368,688	426,891
Accrued RDO's	799	51,546
<b>Total Current Provisions</b>	<b>4,940,468</b>	<b>5,189,270</b>
<b>Non-Current</b>		
Long Service Leave	391,632	320,804
Provision for Infrastructure Meru - Rehabilitation	9,155,248	9,090,788
<b>Total Non-Current Provisions</b>	<b>9,546,880</b>	<b>9,411,592</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Employee Benefits

The provision for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

##### *Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)*

The provision for employees' benefits wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the Council has a present obligation to pay resulting from employee's services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

##### *Long Service Leave (Long-term Benefits)*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

##### 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 Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 14. Reserves - Cash/Investment Backed

\$	2021 Actual	2021 Budget	2020 Actual
<b>(a). Parking Land Reserve</b>			
Opening Balance	551,759	51,759	51,759
Amount Set Aside / Transfer to Reserve	-	-	500,000
	<u>551,759</u>	<u>51,759</u>	<u>551,759</u>
<b>(b). Unexpended Capital Works &amp; Restricted Grant Reserve</b>			
Opening Balance	6,699,618	5,994,201	13,375,322
Amount Set Aside / Transfer to Reserve	7,532,052	-	1,034,025
Amount Used / Transfer from Reserve	(2,863,541)	(1,808,000)	(7,709,729)
	<u>11,368,128</u>	<u>4,186,201</u>	<u>6,699,618</u>
<b>(c). Employee Entitlements Reserve</b>			
Opening Balance	3,100,000	1,600,000	1,600,000
Amount Set Aside / Transfer to Reserve	-	-	1,500,000
Amount Used / Transfer from Reserve	-	(500,000)	-
	<u>3,100,000</u>	<u>1,100,000</u>	<u>3,100,000</u>
<b>(d). Major Initiatives Reserve</b>			
Opening Balance	1,781,655	1,031,655	31,655
Amount Set Aside / Transfer to Reserve	3,500,000	2,335,000	1,750,000
Amount Used / Transfer from Reserve	-	(750,000)	-
	<u>5,281,655</u>	<u>2,616,655</u>	<u>1,781,655</u>
<b>(e). Asset Renewal Reserve</b>			
Opening Balance	10,803,604	9,617,576	6,942,576
Amount Set Aside / Transfer to Reserve	1,600,000	-	3,861,029
Amount Used / Transfer from Reserve	(1,259,250)	(2,000,000)	-
	<u>11,144,354</u>	<u>7,617,576</u>	<u>10,803,604</u>
<b>(f). Point Moore Reserve</b>			
Opening Balance	72,318	68,318	34,318
Amount Set Aside / Transfer to Reserve	38,000	34,000	38,000
	<u>110,318</u>	<u>102,318</u>	<u>72,318</u>
<b>(g). Money In Lieu of Public Open Space</b>			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	1,286,015	-	-
	<u>1,286,015</u>	<u>-</u>	<u>-</u>
<b>Total Reserves</b>	<u><u>32,842,232</u></u>	<u><u>15,674,509</u></u>	<u><u>23,008,955</u></u>

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 14. Reserves - Cash/Investment Backed (continued)

\$	2021 Actual	2021 Budget	2020 Actual
<b>Summary of Reserve Transfers</b>			
<b>Transfers to Reserves</b>			
Parking Land Reserve	-	-	500,000
Unexpended Capital Works & Restricted Grant Reserve	7,532,052	-	1,034,025
Employee Entitlements Reserve	-	-	1,500,000
Major Initiatives Reserve	3,500,000	2,335,000	1,750,000
Asset Renewal Reserve	1,600,000	-	3,861,029
Point Moore Reserve	38,000	34,000	38,000
Money In Lieu of Public Open Space	1,286,015	-	-
<b>Total Transfers to Reserves</b>	<b>13,956,067</b>	<b>2,369,000</b>	<b>8,683,054</b>
<b>Transfers from Reserves</b>			
Unexpended Capital Works & Restricted Grant Reserve	(2,863,541)	(1,808,000)	(7,709,729)
Employee Entitlements Reserve	-	(500,000)	-
Major Initiatives Reserve	-	(750,000)	-
Asset Renewal Reserve	(1,259,250)	(2,000,000)	-
<b>Total Transfers from Reserves</b>	<b>(4,122,791)</b>	<b>(5,058,000)</b>	<b>(7,709,729)</b>
<b>Total Net Transfer to/(from) Reserves</b>	<b>9,833,276</b>	<b>(2,689,000)</b>	<b>973,326</b>

All of the cash backed reserves are supported by money held in financial institutions and match the amounts shown as restricted cash in Note 3 and 4 to this financial report.

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

#### **Parking Land Reserve**

The purpose of this reserve is to build up funds that can then be used for the acquisition of land for car parking and provision of parking bays within the City.

#### **Unexpended Capital Works & Restricted Grant Reserve**

The purpose of this reserve is to restrict grant funds received that were unspent in the financial year including any tied contribution from the City plus any unexpended capital works to be carried over to the next financial

#### **Employee Entitlements Reserve**

The purpose of this reserve is for the funding of payments not predicted or provided for in Council's municipal budget. It is also intended to fund large payments to staff that may occur in any year, principally being long service leave payments but shall include provision for voluntary redundancy payments, accrued non-current annual leave and sick leave entitlements as provided for under the City's Enterprise Agreement.

#### **Major Initiatives Reserve**

The purpose of this reserve is to provide funding tied to prioritised capital works program and major projects/initiatives. Funds to be mainly derived from net proceeds on land sales.

#### **Money In Lieu of Public Open Space**

The purpose of this reserve is to set aside funds received from developers in lieu of land. The funds can be used to purchase land for parks, recreation grounds or open spaces generally.

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 14. Reserves - Cash/Investment Backed (continued)

\$

**Asset Renewal Reserve**

The purpose of this reserve is to fund infrastructure renewal. Any funds that are unspent from the annual asset renewal program are to be disbursed into this reserve for future renewal programs, unbudgeted emergent and/or emergency renewal works.

**Point Moore Reserve**

The purpose of this reserve is to build funds from the annual demolition levy applied and to be paid by the Lessee per clause 4.2 of Point Moore Beach Cottages Leases in removal of all improvements and in remediation of sites.

## Note 15. Reserves - Asset Revaluation

\$	Notes	2021 Actual	2020 Actual
Asset revaluation reserves have arisen on revaluation of the following classes of assets:			
<b>(a). Land</b>			
Opening Balance		46,479,611	46,479,611
Revaluation Decrement	7(b)	(24,108,432)	-
		<u>22,371,179</u>	<u>46,479,611</u>
<b>(b). Buildings</b>			
Opening Balance		48,700,445	49,180,474
Impairment Adjustment	7(b)	(152,853)	-
Revaluation Decrement	7(b)	(233,860)	(480,029)
		<u>48,313,732</u>	<u>48,700,445</u>
<b>(c). Plant and Equipment</b>			
Opening Balance		1,601,370	1,601,370
		<u>1,601,370</u>	<u>1,601,370</u>
<b>(d). Artwork</b>			
Opening Balance		100,239	100,239
		<u>100,239</u>	<u>100,239</u>
<b>(e). Roads</b>			
Opening Balance		397,344,499	397,344,499
		<u>397,344,499</u>	<u>397,344,499</u>
<b>(f). Car Parks</b>			
Opening Balance		10,899,811	10,899,811
		<u>10,899,811</u>	<u>10,899,811</u>

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 15. Reserves - Asset Revaluation (continued)

\$	Notes	2021 Actual	2020 Actual
<b>(g). Meru Landfill</b>			
Opening Balance		1,458,254	1,458,254
		<u>1,458,254</u>	<u>1,458,254</u>
<b>(h). Airport</b>			
Opening Balance		-	20,210,775
Revaluation Decrement	8(b)	-	(20,210,775)
		<u>-</u>	<u>-</u>
<b>(i). Effluent Scheme</b>			
Opening Balance		298,110	298,110
		<u>298,110</u>	<u>298,110</u>
<b>Total Asset Revaluation Reserves</b>		<u>482,387,194</u>	<u>506,882,338</u>

## Note 16. Notes to the Statement of Cash flows

\$	Notes	2021 Actual	2021 Budget	2020 Actual
<b>(a). Reconciliation of Cash</b>				
For the purposes of the Statement of Cash Flows, cash includes cash on hand and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:				
Cash and Cash Equivalents	3	<u>31,396,433</u>	<u>29,791,391</u>	<u>34,862,959</u>

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 16. Notes to the Statement of Cash flows (continued)

\$	Notes	2021 Actual	2021 Budget	2020 Actual
<b>(b). Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>				
Net Result		5,142,517	1,513,792	2,065,228
Depreciation		24,546,232	24,646,964	24,510,416
Write Down (Up) in Fair Value of Investments		(11,636)	-	(5,187)
(Profit)/Loss on Sale of Assets		(850,581)	381,854	1,322,857
Other Non Cash Movements		1,225,575	-	8,810,154
Decrease/(Increase) in Receivables		337,898	1,659,272	1,055,138
Increase/(Decrease) in Provision for Doubtful Debts		35,605	-	71,893
Decrease/(Increase) in Inventories		142,577	52,515	18,673
Decrease/(Increase) in Other Current Assets		(33,381)	-	(20,485)
Increase/(Decrease) in Payables & Accruals		4,277,801	(2,119,350)	(9,474,560)
Increase/(Decrease) in Accrued Interest Payable		(24,314)	-	(26,192)
Increase/(Decrease) in Other Current Liabilities		(858,003)	-	765,330
Increase/(Decrease) in Employee Leave Entitlements		(69,024)	(67,435)	221,811
Increase/(Decrease) in Other Provisions		(44,490)	-	(1,351,155)
Grants/Contributions for the Development of Assets		(5,157,970)	(7,761,253)	(7,130,966)
<b>Net Cash from Operating Activities</b>		<b>28,658,806</b>	<b>18,306,359</b>	<b>20,832,955</b>

#### (c). Undrawn Borrowing Facilities Credit Standby Arrangements

Group Credit Facility		6,000,000	-	6,000,000
Bank Overdraft Limit		750,000	-	750,000
Credit Card Limit		115,000	-	115,000
Credit Card Balance at Balance Date		(665)	-	(5,538)
<b>Total Amount of Credit Unused</b>		<b>6,864,335</b>	<b>-</b>	<b>6,859,462</b>

#### Security

The Commonwealth Bank of Australia holds a mortgage over Council's rates revenue.

#### Loan Facilities

Loan Facilities - Current	12	4,600,668		4,798,496
Loan Facilities - Non-Current	12	23,864,366		28,280,554
<b>Total Facilities in Use at Balance Date</b>		<b>28,465,034</b>		<b>33,079,050</b>

#### Note 17. Contingent Liabilities

1) The City of Geraldton has entered into an agreement with the Public Transport Authority to indemnify Brookfield Rail for 40% of the cost of modification to the Rail Bridge No. 5371 (Abraham Street) contingent on changes to container heights (double stacking). The term of the indemnity expires on the date of expiry of the current lease Brookfield Rail holds over the Rail Corridor (2049).

The likelihood of such an event to occur is considered to be remote.



## City of Greater Geraldton

### Notes to the Financial Statements for the year ended 30 June 2021

#### Note 18. Capital and Leasing Commitments

\$	2021 Actual	2020 Actual
<b>(b). Capital Expenditure Commitments</b>		
<b>Contracted for:</b>		
- capital expenditure projects	1,481,517	334,441
- plant & equipment purchases	-	477,194
<b>Total Capital Expenditure Commitments</b>	<b>1,481,517</b>	<b>811,635</b>
<b>Payable:</b>		
- not later than one year	1,481,517	811,635
<b>Total Capital Expenditure Commitments</b>	<b>1,481,517</b>	<b>811,635</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term. Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

#### Note 19. Subsidiaries, Joint Arrangements & Associates

Council has no interest in any Controlled Entities, Associated Entities or Joint Ventures.

## City of Greater Geraldton

Notes to the Financial Statements  
for the year ended 30 June 2021

## Note 20. Trust Funds

	Balance	Amounts	Amounts	Balance
\$	1-Jul-20	Received	Paid / Transfere	30-Jun-21
Unclaimed Monies	10,848	8	(3,470)	7,386
POS Cash in Lieu	937,819	-	(937,819)	-
POS Cash in Lieu - Drummond Cove	89,824	-	(89,824)	-
POS Cash in Lieu - Glenfield	83,751	-	(83,751)	-
POS Cash in Lieu - Strathalbyn	248,048	-	(248,048)	-
POS Cash in Lieu - Utakearra	24,741	-	(24,741)	-
POS Cash in Lieu - Wandina	84,725	-	(84,725)	-
POS Cash in Lieu - Waggrakine Rural Residential	101,835	-	(101,835)	-
Mid West Industry Road Safety Alliance	69,265	25,954	(53,520)	41,699
Revegetation Contributions	-	105,667	-	105,667
	<b>1,650,856</b>	<b>131,629</b>	<b>(1,627,733)</b>	<b>154,751</b>

## Note 21. Total Assets Classified by Function and Activity

	2021	2020
\$	Actual	Actual
Governance	11,815,816	13,746,363
General Purpose Funding	5,465,338	5,416,151
Law, Order, Public Safety	5,312,060	4,151,731
Health	834,677	874,407
Education & Welfare	4,410,688	4,062,840
Housing	877,423	789,180
Community Amenities	22,523,100	20,994,304
Recreation & Culture	108,884,865	110,906,616
Transport	638,900,000	639,077,179
Economic Services	27,513	127,793
Other Property & Services	66,835,825	103,040,172
Unallocated	52,148,855	35,583,735
	<b>918,036,160</b>	<b>938,770,471</b>

## City of Greater Geraldton

Notes to the Financial Statements  
for the year ended 30 June 2021

## Note 22. Acquisition of Assets

\$		2021 Actual	2021 Budget
<b>By Program</b>			
<b>Governance</b>			
Asset acquisition		444,556	465,500
<b>Law, Order, Public Safety</b>			
Asset acquisition		6,409	524,000
<b>Community Amenities</b>			
Asset acquisition		136,613	325,000
<b>Recreation &amp; Culture</b>			
Asset acquisition		3,552,851	6,356,264
<b>Transport</b>			
Asset acquisition		12,183,515	16,045,402
<b>Economic Services</b>			
Asset acquisition		50,000	-
<b>Other Property &amp; Services</b>			
Asset acquisition		1,430,428	1,291,820
		<b><u>17,804,372</u></b>	<b><u>25,007,986</u></b>
<b>By Class</b>			
<i>Property, Plant &amp; Equipment</i>			
- Land	7(b)	124,762	-
- Buildings		1,322,374	2,282,820
- Furniture and Equipment		368,922	241,000
- Plant and Equipment		818,253	600,000
<i>Infrastructure</i>			
- Roads	8(b)	11,632,657	15,067,402
- Recreation		3,118,695	5,807,764
- Car Parks		124,127	226,000
- Meru Landfill		97,960	275,000
- Airport		185,722	508,000
- Effluent Scheme		10,900	-
		<b><u>17,804,372</u></b>	<b><u>25,007,986</u></b>

## City of Greater Geraldton

Notes to the Financial Statements  
for the year ended 30 June 2021

## Note 23. Disposal of Assets

\$	Notes	Net Book Value		Sale Price		Profit/(Loss)	
		Actual	Budget	Actual	Budget	Actual	Budget

The following assets were disposed of during the year.

**By Asset Class**

<i>Property, Plant &amp; Equipment</i>	7(b)						
Land		1,794,005	2,228,740	3,151,001	1,535,000	1,356,995	(693,740)
Buildings		484,839	450,000	-	800,000	(484,839)	350,000
Plant and Equipment		145,166	100,114	123,591	62,000	(21,575)	(38,114)
<b>Total</b>		<b>2,424,010</b>	<b>2,778,854</b>	<b>3,274,592</b>	<b>2,397,000</b>	<b>850,581</b>	<b>(381,854)</b>

\$	2021	2021	2020
	Actual	Budget	Actual

**Summary**

Profit on Asset Disposals	1,417,094	350,000	46,742
Loss on Asset Disposals	(566,513)	(731,854)	(1,369,599)
<b>Net Profit/(Loss) on Disposal of Assets</b>	<b>850,581</b>	<b>(381,854)</b>	<b>(1,322,857)</b>

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 24. Financial Ratios

\$	Amounts 2021	Indicator 2021	Target	Prior Periods 2020	2019
<i>Liquidity Ratio</i>					
<b>1. Current Ratio</b> <sup>(1)</sup>					
Current Assets less Restricted Current Assets	22,244,849	<b>1.19 : 1</b>	> 1.00 : 1	1.34	1.04
Current Liabilities less Liabilities Associated with Restricted Assets	18,720,156				
<i>Debt Ratio</i>					
<b>2. Debt Service Cover Ratio</b> <sup>(2)</sup>					
Operating Surplus before Interest and Depreciation Exp Principal and Interest Repayments	25,673,054 5,956,291	<b>4.31 : 1</b>	> 2.00 : 1	3.79	5.01
<i>Coverage Ratio</i>					
<b>3. Own Source Revenue Coverage Ratio</b> <sup>(3)</sup>					
Own Source Operating Revenue	68,308,728	<b>89.42%</b>	> 40%	89.42%	89.19%
Operating Expense	76,392,595				
<i>Financial Performance Ratio</i>					
<b>4. Operating Surplus Ratio</b> <sup>(4)</sup>					
Operating Revenue less Operating Expense	(15,452)	<b>-0.02%</b>	> 1%	-0.95%	0.08%
Own Source Operating Revenue	68,308,728				
<i>Asset Management Ratios</i>					
<b>5. Asset Consumption Ratio</b> <sup>(5)</sup>					
Depreciated Replacement Cost of Depreciable Assets	797,711,971	<b>64.79%</b>	> 50%	66.25%	72.44%
Current Replacement Cost of Depreciable Assets	1,231,311,696				
<b>6. Asset Sustainability Ratio</b> <sup>(6)</sup>					
Capital Renewal and Replacement Expenditure	11,626,907	<b>47.37%</b>	90-110%	62.74%	133.57%
Depreciation Expense	24,546,232				
<b>7. Asset Renewal Funding Ratio</b> <sup>(7)</sup>					
NPV of Planned Capital Renewals over 10 years	214,894,807	<b>88.21%</b>	75-95%	89.17%	94.69%
NPV of Required Capital Expenditure over 10 years	243,620,736				

## Notes

- (1) This is a modified commercial ratio designed to focus on the liquidity position of the Council that has arisen from past year's transactions.
- (2) This ratio is the measurement of Council's ability to repay its debt including lease payments.
- (3) This ratio is the measurement of Council's ability to cover its costs through its own revenue efforts.
- (4) This ratio is a measure of Council's ability to cover its operational costs and have revenues available for capital funding or other purposes.
- (5) This ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.
- (6) This ratio indicates whether Council is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.
- (7) This ratio is a measure of the ability of Council to fund its projected asset renewal / replacements in the future.

City of Greater Geraldton

Notes to the Financial Statements  
for the year ended 30 June 2021

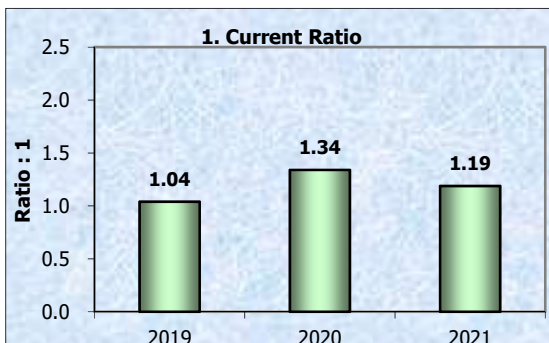
Note 24. Financial Ratios (continued)

The Current Ratio, Debt Service Coverage Ratio and Operating Surplus Ratio are distorted by the early payment of Financial Assistance Grants (FAGS) for the financial year 2021-2022 in the amount of \$3,147,761

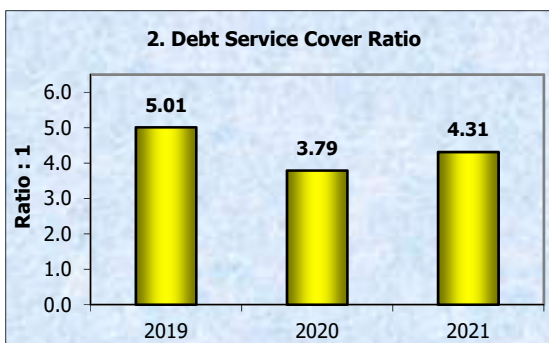
These Financial Assistance Grants are in accordance with AASB 1058 recognised in the Operating Revenue of the financial year 2020-2021.

The table below shows the impact on the disclosure of ratios comparing both scenarios:

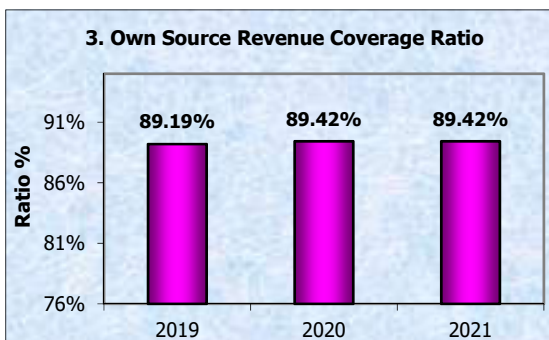
	Current Ratio	Debt Service Coverage ratio	Operating Surplus Ratio
FAGS included	1.19	4.31	-0.02%
FAGS excluded	1.02	3.78	-4.63%



Purpose of Current Ratio	2020/21 Ratio
To assess the liquidity position of the Council that has arisen from past year's transactions.	1.19 : 1



Purpose of Debt Service Cover Ratio	2020/21 Ratio
To assess Council's ability to repay its debt including lease payments.	4.31 : 1



Purpose of Own Source Revenue Coverage Ratio	2020/21 Ratio
To assess Council's ability to cover its costs through its own revenue efforts.	89.42%

City of Greater Geraldton

Notes to the Financial Statements  
for the year ended 30 June 2021

Note 24. Financial Ratios (continued)

<p><b>4. Operating Surplus Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>0.08%</td> </tr> <tr> <td>2020</td> <td>-0.95%</td> </tr> <tr> <td>2021</td> <td>-0.02%</td> </tr> </tbody> </table>	Year	Ratio %	2019	0.08%	2020	-0.95%	2021	-0.02%	<p><b>Purpose of Operating Surplus Ratio</b></p> <p>To assess Council's ability to cover its operational costs and have revenues available for capital funding or other purposes.</p>	<p><b>2020/21 Ratio</b>    <b>-0.02%</b></p>
Year	Ratio %									
2019	0.08%									
2020	-0.95%									
2021	-0.02%									
<p><b>5. Asset Consumption Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>72.44%</td> </tr> <tr> <td>2020</td> <td>66.25%</td> </tr> <tr> <td>2021</td> <td>64.79%</td> </tr> </tbody> </table>	Year	Ratio %	2019	72.44%	2020	66.25%	2021	64.79%	<p><b>Purpose of Asset Consumption Ratio</b></p> <p>To assess the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.</p>	<p><b>2020/21 Ratio</b>    <b>64.79%</b></p>
Year	Ratio %									
2019	72.44%									
2020	66.25%									
2021	64.79%									
<p><b>6. Asset Sustainability Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>133.57%</td> </tr> <tr> <td>2020</td> <td>62.74%</td> </tr> <tr> <td>2021</td> <td>47.37%</td> </tr> </tbody> </table>	Year	Ratio %	2019	133.57%	2020	62.74%	2021	47.37%	<p><b>Purpose of Asset Sustainability Ratio</b></p> <p>To indicate whether Council is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.</p>	<p><b>2020/21 Ratio</b>    <b>47.37%</b></p>
Year	Ratio %									
2019	133.57%									
2020	62.74%									
2021	47.37%									
<p><b>7. Asset Renewal Funding Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>94.69%</td> </tr> <tr> <td>2020</td> <td>89.17%</td> </tr> <tr> <td>2021</td> <td>88.21%</td> </tr> </tbody> </table>	Year	Ratio %	2019	94.69%	2020	89.17%	2021	88.21%	<p><b>Purpose Asset Renewal Funding Ratio</b></p> <p>To assess the ability of Council to fund its projected asset renewal / replacements in the future.</p>	<p><b>2020/21 Ratio</b>    <b>88.21%</b></p>
Year	Ratio %									
2019	94.69%									
2020	89.17%									
2021	88.21%									

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 25. Information on Borrowings

\$	Borrowing Institution	Interest Rate %	Principal 1-Jul-20	New Loans		Principal Repayments		Principal 30-Jun-21		Interest Repayments	
				Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
<b>Governance</b>											
- 262 Office Redevelopment	WATC	3.89%	314,612	-	-	110,548	110,548	204,063	204,063	9,576	10,639
- Budgeted New Loan	WATC		-	-	10,000,000	-	10,000,000	-	-	-	100,000
<b>Law, Order, Public Safety</b>											
-276 Animal Pound Facility	WATC	1.99%	1,644,427	-	-	260,685	260,685	1,383,742	1,383,742	30,588	31,434
<b>Community Amenities</b>											
- 278 Meru Resource Recovery	WATC	2.24%	6,368,060	-	-	646,175	646,175	5,721,885	5,721,885	136,686	139,046
<b>Recreation &amp; Culture</b>											
- 96 Geraldton Yacht Club SSL	* WATC	3.16%	206,066	-	-	23,022	23,022	183,044	183,044	6,244	6,331
- 268 Foreshore Stabilisation &	WATC	3.09%	645,906	-	-	121,383	121,383	524,523	524,523	18,437	19,028
- 264 Aquarena Upgrade	WATC	4.36%	904,613	-	-	211,739	211,739	692,874	692,874	35,266	37,158
- 271 QPT Air-Conditioning Replacement	WATC	2.92%	2,061,777	-	-	319,216	319,216	1,742,562	1,742,562	56,235	57,891
- 263 Recreation Ground Grandstand	WATC	4.36%	565,383	-	-	132,337	132,337	433,046	433,046	22,041	23,224
- 279 Wonthella Bowling club	* WATC	0.49%	-	200,000	-	-	-	200,000	-	464	-
- 272 MUF, Youth Precinct, Beach Access Ramp	WATC	3.21%	3,156,144	-	-	243,452	243,452	2,912,692	2,912,692	97,986	99,374
- 259 Verita Road	WATC	4.72%	815,772	-	-	537,481	537,481	278,291	278,291	30,711	32,236
- 257 Geraldton Hockey Association	* WATC	4.81%	45,475	-	-	45,475	29,955	-	15,520	1,980	1,831
- 277 Beresford Foreshore	WATC	2.24%	1,682,987	-	-	170,775	170,775	1,512,212	1,512,212	36,124	36,748
- 260 Aquarena Renewal Stage 1	WATC	3.89%	817,990	-	-	287,426	287,426	530,563	530,555	24,896	27,661
<b>Transport</b>											
- 269 Airport Projects	WATC	3.09%	1,625,529	-	-	305,480	305,480	1,320,050	1,320,050	46,399	47,887
- 261 Airport Paid Parking Facilities	WATC	3.89%	471,918	-	-	165,823	165,823	306,094	306,094	14,363	15,958
- 258 Airport Buffer Land	WATC	4.72%	235,667	-	-	155,272	155,272	80,395	80,395	8,872	9,313
- 273 Verita Road Stage 1	WATC	2.45%	674,274	-	-	219,308	219,308	454,967	454,967	14,717	15,185
- 275 Airport Runway Overlay	WATC	2.82%	7,216,307	-	-	291,750	291,750	6,924,556	6,924,556	200,116	201,457

(continued on next page)



## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 25. Information on Borrowings (continued)

\$	Borrowing Institution	Interest Rate %	Principal 1-Jul-20	New Loans		Principal Repayments		Principal 30-Jun-21		Interest Repayments	
				Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
<b>(a). Debenture Repayments (continued)</b>											
<b>Other Property &amp; Services</b>											
- 265 Old Works Depot	WATC	4.36%	452,307	-	-	105,869	105,869	346,437	346,437	17,633	18,579
- 274 Olive Street Development	WATC	3.13%	2,707,964	-	-	351,757	351,757	2,356,207	2,356,207	80,682	82,028
- 266 Old Railway Building	WATC	4.36%	465,876	-	-	109,045	109,045	356,830	356,830	18,162	19,136
- WATC Loan Guarantee Fee			-	-	-	-	-	-	-	223,261	231,555
			<b>33,079,050</b>	<b>200,000</b>	<b>10,000,000</b>	<b>4,814,016</b>	<b>14,798,496</b>	<b>28,465,034</b>	<b>28,280,545</b>	<b>1,131,442</b>	<b>1,263,699</b>

**Funding of Borrowings**

All loan repayments were funded by general purpose income.

## 1 Self-Supporting Loan

\* Those loans denoted with "\*" are subject of a repayment agreement that secured the reimbursement from a community organisation of all costs associated with the loan.

## 2 WATC = WA Treasury Corporation

**Security**

The general funds of the Borrower as defined in section 6.21 (4) of the Local Government Act 1995 are charged in favour of Treasury Corporation to secure all principal interest and other amounts payable by the Borrower from time to time.

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 25. Information on Borrowings (continued)

\$	Amount Borrowed		Institution	Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used		Balance Unspent
	Actual	Budget						Actual	Budget	
<b>(b). New Debentures</b>										
Wonthella Bowling club	200,000	-	WATC		5	464	0.49%	(200,000)	-	-
New Loan	-	10,000,000	WATC		1	-	1.00%	-	(10,000,000)	-
	<u>200,000</u>	<u>10,000,000</u>				<u>464</u>		<u>(200,000)</u>	<u>(10,000,000)</u>	<u>-</u>

\$	Date Borrowed	Balance 1-Jul-20	Borrowed During Year	Expended During Year	Balance 30-Jun-21
Olive Street Development	17/05/2017	274,943	-	(203,298)	71,645
Meru Resource Facility	2/05/2019	2,999,544	-	(1,202,844)	1,796,700
		<u>3,274,487</u>	<u>-</u>	<u>(1,406,142)</u>	<u>1,868,345</u>

**(d). Overdraft**

The City of Greater Geraldton established an overdraft facility of \$750,000.

The balance of the bank overdraft at 30 June 2021 was \$0 (30 June 2020: \$0).

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 26(a). Rating Information (2019/20 Financial Year)

\$	Notes	Rate in \$	Number of Properties	Rateable Value	Rate Revenue	Interim Rates	Back Rates	Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue
<b>Rate Type</b>												
<b>Differential General Rate</b>												
		0.148529	15,592	204,500,374	30,374,236	67,319	(16,883)	30,424,673	30,374,236	25,000	10,000	30,409,236
		0.122934	1,204	87,517,809	10,758,914	139,453	61,425	10,959,792	10,758,914	-	-	10,758,914
		0.007775	771	365,042,148	2,838,203	3,280	(5,936)	2,835,547	2,838,203	-	-	2,838,203
			<b>17,567</b>	<b>657,060,331</b>	<b>43,971,353</b>	<b>210,052</b>	<b>38,606</b>	<b>44,220,012</b>	<b>43,971,353</b>	<b>25,000</b>	<b>10,000</b>	<b>44,006,353</b>
<b>Minimum Rates</b>												
		<b>Minimum</b>										
		1,010	2,226	7,653,072	2,248,260	-	-	2,248,260	2,248,260	-	-	2,248,260
		1,010	245	1,276,638	247,450	-	-	247,450	247,450	-	-	247,450
		1,010	295	20,566,773	297,950	-	-	297,950	297,950	-	-	297,950
			<b>2,766</b>	<b>29,496,483</b>	<b>2,793,660</b>	<b>-</b>	<b>-</b>	<b>2,793,660</b>	<b>2,793,660</b>	<b>-</b>	<b>-</b>	<b>2,793,660</b>
								47,013,672				46,800,013
Discounts/Concessions	29(a)							(1,412,070)				(1,116,765)
<b>Totals</b>								<b>45,601,602</b>				<b>45,683,248</b>

Rates and annual charges are recognised as revenue when the council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 26(b). Surplus/(Deficit) B/Fwd and C/Fwd

\$	Notes	2021 Carried Fwd Actual	2020 Brought Fwd Actual
<b>Current Assets</b>			
Cash - Unrestricted	3	8,880,651	8,783,406
Cash - Restricted Reserves	3	32,842,230	23,008,955
Cash - Restricted Unspent Grants	2(d)	3,020,567	3,070,598
Investments	4	5,563,363	2,352,977
Rates - Current	5	4,858,566	4,825,083
Sundry Debtors	5	1,056,537	817,822
GST Receivable	5	317,825	312,352
Other Receivables	5	1,084,232	1,777,057
Contract Assets	9	53,865	20,484
- Fuel and Materials	6	327,924	400,117
- Other	6	35,887	106,271
		<b>58,041,647</b>	<b>45,475,122</b>
<b>Current Liabilities</b>			
Sundry Creditors	11	10,253,834	5,973,679
Accrued Interest on Debentures	11	135,886	160,200
Accrued Salaries and Wages	11	699,529	601,227
Other Current Trade and Other Payables	11	3,020,567	3,121,223
Contract Liabilities	9	1,147,327	2,005,330
Lease Liability	10	42,444	49,637
Current Employee Benefits Provision	13	4,570,980	4,710,833
Other Current Provisions	13	369,487	478,437
Current Loan Liability	12	4,600,668	4,798,496
		<b>24,840,722</b>	<b>21,899,062</b>
<b>Net Current Assets</b>		<b>33,200,925</b>	<b>23,576,060</b>
<b>Less:</b>			
Reserves - Restricted Cash	3	(32,842,230)	(23,008,955)
Self Supporting Loan Principal Repayments		(63,363)	(69,939)
<b>Add Back:</b>			
Current Loan Liability	12	4,600,668	4,798,496
<b>Surplus/(Deficit)</b>		<b>4,896,000</b>	<b>6,535,662</b>

(1) Restricted Grants & Contributions that are not expected to be spent in the next 12 months.

## City of Greater Geraldton

### Notes to the Financial Statements for the year ended 30 June 2021

#### Note 27. Specified Area Rate (2020/21 Financial Year)

The City of Greater Geraldton does not have any Specified Area Rates.

#### Note 28. Service Charges (2020/21 Financial Year)

The City of Greater Geraldton does not have any Service Charges.

#### Note 29. Discounts, Incentives, Concessions & Write-offs (2020/21 Financial Year)

\$	Total Cost / Value	Budget Cost / Value
<b>(a) Discounts/Concessions</b>		
General Rates	1,412,070	1,116,765
	<u>1,412,070</u>	<u>1,116,765</u>

##### **Discounts**

The City offered a 5.0% discount on rates paid in full (total amount due on rates notice) by 24 August 2020

##### **Concessions/Incentives/Waivers**

Council provides an 80% concessional arrangement to Murchison Region Aboriginal Corporate on the land primarily being used for charitable purposes.

Council offers no incentives for the early payment of rates.

Council does not offer any standard waivers or write-offs of rates and Charges or other debts of ratepayers, unless specifically approved by Council. Council does offer 'Incentives' under its City Centre Revitalisation Program to encourage development within the City Centre. The form of 'Incentives' which are assessed and approved by Council on an individual basis can be in the form of concessions or waiving of rates for a set period of times.

Individuals may approach Council for an extension of time to pay-off their debt. Council waives penalty interest and the administration fee for eligible ratepayers approved for a financial hardship payment plan under an existing operation policy.

## City of Greater Geraldton

### Notes to the Financial Statements for the year ended 30 June 2021

#### Note 29. Discounts, Incentives, Concessions & Write-offs (2020/21 Financial Year)

\$	Notes	Total Cost / Value	Budget Cost / Value
<b>(b). Write-Offs</b>			
Rate Assessment	2(a)	54,026	30,000
General Debtors	2(a)	53,161	50,000
		<u><b>107,187</b></u>	<u><b>80,000</b></u>

#### Note 30. Interest Charges and Instalments (2020/21 Financial Year)

\$	Interest Rate %	Admin. Charge	Actual Revenue	Budgeted Revenue
Interest on Unpaid Rates	8.00%	-	127,159	80,000
Interest on Instalments Plan	0.00%	-	-	-
Pensioner Deferred Interest	1.18%	-	5,644	12,000
			<u><b>132,803</b></u>	<u><b>92,000</b></u>

Council offers three (3) payment options by which ratepayers can make their payments.

Option 1: To pay their rates in full by the 35th day after the rates notice has been issued

Option 2: To pay their rates in two (2) equal instalments

Option 3: To pay their rates in four (4) equal instalments

For ratepayers electing to pay their rates by 2 or 4 instalments, a charge of \$12.00 per instalment is charged. For ratepayers making an arrangement with Council to pay their rates in more than 4 instalments, a one off charge of \$42.00 is charged. **Instalment Charges and interest on instalments were not applied in 2020/21.**

The total amount of revenue from the imposition of interest and instalments charges is \$132,803 (2019-20: \$835,543).

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 31. Fees & Charges

\$	2021 Actual	2021 Budget	2020 Actual
Governance	10,282	14,000	11,763
General Purpose Funding	137,336	30,000	320,267
Law, Order, Public Safety	352,753	280,000	430,315
Health	16,250	25,000	59,880
Education and Welfare	18,360	15,000	26,334
Community Amenities	13,432,244	12,393,334	12,842,140
Recreation and Culture	1,086,957	1,308,325	1,448,136
Transport	3,098,674	2,192,100	4,199,812
Economic Services	699,514	241,233	529,800
Other Property and Services	1,144,451	870,500	1,217,460
	<b><u>19,996,821</u></b>	<b><u>17,369,492</u></b>	<b><u>21,085,907</u></b>

Revenue arising from fees and charges is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases, the customer is required to pay on arrival. There is no material obligation for Council in relation to refunds or returns.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

Revenue from infringements is recognised on issue of infringement notice after applying the expected credit loss model relating to impairment of receivables for initial recognition of statutory receivables.

#### Note 32. Grants, Subsidies & Contributions

\$	2021 Actual	2020 Actual
Operating Grants, Subsidies and Contributions	8,276,880	8,373,215
Non-Operating Grants, Subsidies and Contributions	5,157,970	7,130,966
	<b><u>13,434,850</u></b>	<b><u>15,504,181</u></b>

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

##### (a). By Nature & Type

Operating Grants, Subsidies and Contributions	8,276,880	8,373,215
Non-Operating Grants, Subsidies and Contributions	5,157,970	7,130,966
	<b><u>13,434,850</u></b>	<b><u>15,504,181</u></b>

## City of Greater Geraldton

### Notes to the Financial Statements for the year ended 30 June 2021

#### Note 32. Grants, Subsidies & Contributions (continued)

\$	2021 Actual	2020 Actual
<b>(b). By Program</b>		
Governance	205,830	61,756
General Purpose Funding	6,124,607	5,988,568
Law, Order, Public Safety	332,337	1,214,190
Education & Welfare	441,970	296,520
Community Amenities	40,478	155,344
Recreation & Culture	1,209,228	669,852
Transport	4,980,295	6,937,178
Economic Services	45,906	128,361
Other Property & Services	54,199	52,411
	<b><u>13,434,850</u></b>	<b><u>15,504,180</u></b>

Included within the Operating Grants, Subsidies and Contributions total of \$13,434,850 is \$208,466 in reimbursements and recoveries.

#### Note 33. Employee Numbers

\$	2021 Actual	2020 Actual	2019 Actual
The number of full-time equivalent employees at balance date	260	274	282

At 30 June 2021 the City's approved organisational structure: 284 FTE (2020: 296 FTE).



## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 34. Councillor Remuneration

\$	2021 Actual	2021 Budget	2020 Actual
The following fees, expenses and allowances were paid to council members and the mayor.			
<b>Shayn Van Styn</b>			
Mayor's annual allowance	72,336	72,336	72,336
Meeting attendance fees	33,216	30,660	33,216
Annual allowance for ICT	3,500	3,500	3,500
Travel and accommodation expenses	-	1,192	-
Training	-	1,154	7,002
Conference Expenses	655	-	2,911
	<b>109,707</b>	<b>108,842</b>	<b>118,965</b>
<b>Tarleah Thomas</b>			
Deputy Mayor's annual allowance	18,084	18,084	12,591
Meeting attendance fees	25,716	23,161	25,716
Annual allowance for ICT	3,500	3,500	3,500
Travel and accommodation expenses	13,851	1,192	6,153
Training	-	1,154	475
Conference Expenses	737	-	3,072
	<b>61,888</b>	<b>47,091</b>	<b>51,507</b>
<b>Natasha Colliver</b>			
Meeting attendance fees	25,716	23,161	25,716
Annual allowance for ICT	3,500	3,500	3,500
Travel and accommodation expenses	-	1,192	-
Training	-	1,154	7,002
	<b>29,216</b>	<b>29,007</b>	<b>36,218</b>
<b>David Joseph Caudwell</b>			
Meeting attendance fees	25,716	23,161	25,716
Annual allowance for ICT	3,500	3,500	3,500
Travel and accommodation expenses	-	1,192	-
Training	-	1,154	-
	<b>29,216</b>	<b>29,007</b>	<b>29,216</b>
<b>Jennifer Critch</b>			
Meeting attendance fees	25,716	23,161	25,716
Annual allowance for ICT	3,500	3,500	3,500
Travel and accommodation expenses	-	1,192	-
Training	-	1,154	-
Conference Expenses	-	-	1,622
	<b>29,216</b>	<b>29,007</b>	<b>30,838</b>

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 34. Councillor Remuneration (continued)

\$	2021 Actual	2021 Budget	2020 Actual
<b>Jerry Clune</b>			
Meeting attendance fees	25,716	23,161	25,716
Annual allowance for ICT	3,500	3,500	3,500
Travel and accommodation expenses	-	1,192	4,149
Training	-	1,154	625
	<u>29,216</u>	<u>29,007</u>	<u>33,990</u>
<b>Kim Parker</b>			
Meeting attendance fees	25,716	23,161	17,974
Annual allowance for ICT	3,500	3,500	2,445
Travel and accommodation expenses	-	1,192	-
Training	780	1,154	475
	<u>29,996</u>	<u>29,007</u>	<u>20,894</u>
<b>Peter Fiorenza</b>			
Meeting attendance fees	25,716	23,161	17,974
Annual allowance for ICT	3,500	3,500	2,445
Travel and accommodation expenses	-	1,192	-
Training	585	1,154	925
	<u>29,801</u>	<u>29,007</u>	<u>21,344</u>
<b>Robert Hall</b>			
Meeting attendance fees	25,716	23,161	25,716
Annual allowance for ICT	3,500	3,500	3,500
Travel and accommodation expenses	-	1,192	-
Training	780	1,154	475
Conference Expenses	-	-	1,646
	<u>29,996</u>	<u>29,007</u>	<u>31,337</u>
<b>Sally Jo-Anne Elphick</b>			
Meeting attendance fees	25,716	23,161	25,716
Annual allowance for ICT	3,500	3,500	3,500
Travel and accommodation expenses	-	1,192	-
Training	-	1,154	-
	<u>29,216</u>	<u>29,007</u>	<u>29,216</u>
<b>Simon Keemink</b>			
Meeting attendance fees	25,716	23,161	25,716
Annual allowance for ICT	3,500	3,500	3,500
Travel and accommodation expenses	-	1,192	-
Training	-	1,154	-
	<u>29,216</u>	<u>29,007</u>	<u>29,216</u>

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 34. Councillor Remuneration (continued)

\$	2021 Actual	2021 Budget	2020 Actual
<b>Stephen Douglas</b>			
Meeting attendance fees	25,716	23,161	25,716
Annual allowance for ICT	3,500	3,500	3,500
Travel and accommodation expenses	144	1,192	685
Training	-	1,154	-
Conference Expenses	-	-	2,986
	<u>29,360</u>	<u>29,007</u>	<u>32,887</u>
<b>Victor Tanti</b>			
Meeting attendance fees	24,360	23,161	24,360
Annual allowance for ICT	3,500	3,500	3,500
Travel and accommodation expenses	-	1,192	-
Training	-	1,154	-
	<u>27,860</u>	<u>29,007</u>	<u>27,860</u>
<b>Other</b>			
Meeting attendance fees	-	-	25,715
Annual allowance for ICT	-	-	3,908
Training	-	-	3,843
Deputy Mayor's annual allowance	-	-	5,445
	<u>-</u>	<u>-</u>	<u>38,911</u>
Members Meeting Fees	340,452	308,592	350,683
Mayor's Allowance	72,336	72,336	72,336
Deputy Mayor's Allowance	18,084	18,084	18,036
Members IT and Telephone Allowance	45,500	45,500	47,298
Travelling Expenses	13,995	15,500	10,987
Conference Expenses	1,392	-	16,078
Councillor Training	2,145	15,000	16,979
	<u>493,904</u>	<u>475,012</u>	<u>532,397</u>

## City of Greater Geraldton

### Notes to the Financial Statements for the year ended 30 June 2021

#### Note 35. Employee Costs

\$	2021 Actual	2021 Budget	2020 Actual
Wages and Salaries	17,716,239	23,329,833	19,432,654
Employee Leave Entitlements	4,716,466	-	4,897,221
Superannuation	3,192,261	3,189,862	3,101,616
Workers' Compensation Insurance	345,023	417,000	374,406
Protective Clothing & Uniforms	83,852	61,465	76,021
Recruitment Costs	42,135	60,000	27,839
Training Costs (other than Salaries & Wages)	138,126	47,234	148,900
Other	75,183	-	113,627
	<u><b>26,309,285</b></u>	<u><b>27,105,394</b></u>	<u><b>28,172,284</b></u>

#### Note 36. Major Land Transactions

There were no Major Land Transactions during 2020/21.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 37. Trading and Major Trading Undertakings

\$

##### Airport

The Geraldton Airport is owned freehold and run as a business unit by the City of Greater Geraldton, generating an operating income of approximately \$3.1M in 2020-21 (2019-20: \$3.97M).

Operating surpluses from airport operations are utilised to maintain and improve existing airport infrastructure, and provide for development of future infrastructure. During 2020-21, capital outlays on Airport Infrastructure (including buildings) amounted to \$512k (2019-20: \$484k).

The City of Greater Geraldton endeavours to operate the aerodrome in an environmentally sensitive manner in accordance with aviation best practice, in compliance with Federal statutory requirements for aviation operations, airports, and transport security.

The airport is planned and managed to provide a satisfactory return on investment to the ratepayers of the City of Greater Geraldton, while having regard to the airport as a key regional transport infrastructure asset.

Geraldton Airport is serviced by QantasLink, providing Regular Public Transport (RPT) services on the Geraldton-Perth route.

Two aircraft maintenance and service businesses are well established in a hangar leased from the City. Shine Aviation and Geraldton Air Charter provide General Aviation services based at the airport, servicing the Abrolhos Islands, FIFO mining workforce logistics, tourist flights and general charter operations.

	2021 Actual	2020 Actual
<b>Income Statement</b>		
Operating Income	3,129,034	3,970,138
Operating Expenditure	(2,753,634)	(3,038,666)
Depreciation Expense	(1,465,764)	(1,565,510)
<b>Operating Result</b>	<b>(1,090,364)</b>	<b>(634,038)</b>
Capital Income	309,521	2,387,255
Capital Expenditure	(512,187)	(484,205)
<b>Operating Result</b>	<b>(202,666)</b>	<b>1,903,050</b>
<b>Total Net Trading Undertaking</b>	<b>(1,293,030)</b>	<b>1,269,011</b>
<b>Current Assets</b>		
Receivables	195,954	246,549
<b>Total Current Assets</b>	<b>195,954</b>	<b>246,549</b>
<b>Non-Current Assets</b>		
Land	5,110,000	12,846,813
Buildings	18,723,565	15,640,830
Furniture & Equipment	15,882	17,999
Plant & Equipment	291,920	-
Airport Infrastructure	25,060,905	25,985,800
<b>Total Non-Current Assets</b>	<b>49,202,272</b>	<b>54,491,442</b>
<b>Total Assets</b>	<b>49,398,226</b>	<b>54,737,991</b>
<b>Current Liabilities</b>		
Creditors & Provisions	(316,325)	(141,510)
Borrowings	(867,790)	(918,325)
<b>Total Current Liabilities</b>	<b>(1,184,115)</b>	<b>(1,059,835)</b>
<b>Non-Current Liabilities</b>		
Borrowings	(7,763,305)	(9,010,444)
<b>Total Non-Current Liabilities</b>	<b>(7,763,305)</b>	<b>(9,010,444)</b>
<b>Total Liabilities</b>	<b>(8,947,420)</b>	<b>(10,070,279)</b>
<b>Net Assets</b>	<b>40,450,806</b>	<b>44,667,712</b>

# City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 37. Trading and Major Trading Undertakings (continued)

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#### Meru Landfill Facility

The Meru Landfill Facility is run as a business unit of the City of Greater Geraldton and generated operating income of approximately \$5.9M in 2020-21 (2019-20: \$5.32M). During 2020-21, capital outlays on Meru Infrastructure amounted to around \$114k (2019-20: \$1.71M)

This facility was established to provide a regional approach to Waste Management here in the Midwest. Originally managed by the Geraldton Greenough Regional Council (GGRC), this Regional Council was dissolved following the first amalgamation between the City of Geraldton and the Shire of Greenough. The main purpose of establishing a Regional Council was to have a planned and co-ordinated regional approach to the collection, removal, processing, treatment, recycling and disposal of waste in the mid-west region, enabling sharing of benefits of scale where possible. This will continue to be the purpose of this trading undertaking as a function of the City of Greater Geraldton.

The vision of City of Greater Geraldton is to lead the community to an improved level of sustainability - to encourage waste avoidance, maximise the recovery of materials and provide efficient, yet cost effective waste management and resource recovery services to the region. These objectives are achievable by actively engaging the community in sustainable waste practices, by supporting and promoting waste minimisation principles and implementing the objectives of the various strategic documents.

#### Income Statement

	2021 Actual	2020 Actual
Operating Income	5,892,385	5,315,787
Operating Expenditure	(3,569,269)	(2,910,149)
Depreciation Expense	(586,155)	(708,350)
<b>Operating Result</b>	<b>1,736,961</b>	<b>1,697,288</b>
Capital Income	7,800	114,000
Capital Expenditure	(114,235)	(1,714,675)
<b>Operating Result</b>	<b>(106,435)</b>	<b>(1,600,675)</b>
<b>Total Net Trading Undertaking</b>	<b>1,630,526</b>	<b>96,613</b>
<b>Current Assets</b>		
Receivables	448,197	338,792
<b>Total Current Assets</b>	<b>448,197</b>	<b>338,792</b>
<b>Non-Current Assets</b>		
Land	2,445,000	2,223,000
Buildings	1,096,149	347,411
Furniture & Equipment	-	226,793
Plant & Equipment	216,199	
Meru Landfill Infrastructure	16,917,950	17,392,904
<b>Total Non-Current Assets</b>	<b>20,675,298</b>	<b>20,190,108</b>
<b>Total Assets</b>	<b>21,123,495</b>	<b>20,528,900</b>
<b>Current Liabilities</b>		
Creditors & Provisions	(321,010)	(227,984)
Borrowings	(660,730)	(646,175)
<b>Total Current Liabilities</b>	<b>(981,740)</b>	<b>(874,159)</b>
<b>Non-Current Liabilities</b>		
Provisions	(9,155,248)	(9,090,788)
Borrowings	(5,061,155)	(5,342,537)
<b>Total Non-Current Liabilities</b>	<b>(14,216,403)</b>	<b>(14,433,325)</b>
<b>Total Liabilities</b>	<b>(15,198,143)</b>	<b>(15,307,484)</b>
<b>Net Assets</b>	<b>5,925,352</b>	<b>5,221,416</b>

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 38. Financial Risk Management

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Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council 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 Council's Finance Section under policies approved by the Council.

The City held the following financial instruments at balance date.

	Notes	Carrying Value		Fair Value	
		2021	2020	2021	2020
<b>Financial Assets</b>					
Cash and Cash Equivalents	3	31,396,433	34,862,959	31,396,433	34,862,959
Receivables (Current & Non-Current)	5	7,893,854	8,267,358	7,893,854	8,267,358
		<u>39,290,287</u>	<u>43,130,317</u>	<u>39,290,287</u>	<u>43,130,317</u>
<b>Financial Liabilities</b>					
Payables (Current & Non-Current)	11	14,109,816	9,856,328	14,109,816	9,856,328
Borrowings (Current & Non-Current)	12	28,465,034	33,079,050	28,465,034	33,079,050
		<u>42,574,850</u>	<u>42,935,378</u>	<u>42,574,850</u>	<u>42,935,378</u>

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates market value.
- **Borrowings & Held to Maturity Investments** - estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles.
- Financial Assets classified (i) **"at fair value through profit & loss"** or (ii) **Available for Sale** - based on quoted market prices at the reporting date or independent valuation.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 38. Financial Risk Management (continued)

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##### (a). Cash & Cash Equivalents and Financial Assets

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's Finance Section manages the cash and investments portfolio.

Council has an Investment Policy which complies with the relevant legislation. The policy is regularly reviewed by Council and an Investment Report is tabled before Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with Investments is price risk - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

Cash & Investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns and income.

A further risk associated with Cash & Investments is credit risk - the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees in accordance with investment restrictions prescribed in the Local Government (*Financial Management*) *Regulations 1996*.

	30-Jun-21	30-Jun-20
<b>Impact of a 1% <sup>(1)</sup> movement in interest rates on cash and investments</b>		
Equity	313,964	348,630
Statement of Comprehensive Income	313,964	348,630

##### Notes:

- Sensitivity percentages based on management's expectations of future possible market movements.  
(Price movements calculated on investments subject to fair value adjustments. Interest rate movements calculated on cash, cash equivalents and managed funds.)
- Maximum impact.



## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 38. Financial Risk Management (continued)

\$

##### (b). Receivables

Council's major receivables comprise (i) Rates & Annual charges and (ii) User Charges & Fees.

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures.

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

Council makes suitable provision for doubtful receivables as required. Included in the impairment value of \$144,769 is a provision of \$96,372 for Virgin Australia Airlines which is currently in administration, Pindan Group \$36,845 also in administration.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

A profile of Council's receivables credit risk at balance date follows:

	30-Jun-21	30-Jun-20
	%	%
<b>Percentage of Rates and Annual Charges</b>		
Current	94.11%	93.33%
Overdue	5.89%	6.67%
<b>Percentage of Other Receivables</b>		
Current	80.28%	68.29%
Overdue	19.72%	31.71%

The Council does not require collateral in respect of trade and other receivables. The Council does not have trade receivables for which no loss allowance is recognised because of collateral.

The adoption of AASB 9 has fundamentally changed the City's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the City to recognise an allowance for ECLs for all financial assets not held at fair value through P/L.

The Council uses a probability percentage based on actual credit loss experienced over the last five years to measure the expected credit losses of trade receivables from individual customers, which comprise a very large number of small balances.

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 38. Financial Risk Management (continued)

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The following table provides information about the exposure to credit risk and expected losses for trade receivables from individual customers as at 30 June 2021:

	2021 Closing balance 30/06/2021 \$	2021 Historical probability of default %	2021 Lifetime expected credit loss \$
Not Past Due	965,440	0.9607%	9,275
Past Due 31-60 Days	54,925	0.9607%	528
Past Due 61-90 Days	22,108	0.9607%	212
More than 90 Days	160,016	0.9607%	1,537
<b>Total</b>	<b>1,202,489</b>		<b>11,552</b>

	2020 Closing balance 30/06/2020 \$	2020 Historical probability of default %	2020 Lifetime expected credit loss \$
Not Past Due	616,673	1.37%	8,448
Past Due 31-60 Days	176,453	1.37%	2,417
Past Due 61-90 Days	21,526	1.37%	295
More than 90 Days	117,001	1.37%	1,603
<b>Total</b>	<b>931,653</b>		<b>12,764</b>

Ageing of past due receivables and the amount of any impairment is disclosed in the following table:

	2021 \$	2020 \$
<b>Receivables</b>		
Fully Performing	965,440	616,673
Past due:		
- 31 to 60 days overdue	54,925	176,453
- 61 to 90 days overdue	22,108	21,526
- Greater than 90 days overdue	160,016	117,001
- Impaired	(114,769)	(109,164)
<b>Total</b>	<b>1,087,720</b>	<b>822,489</b>

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 38. Financial Risk Management (continued)

\$

##### (c). Payables & Borrowings

Payables & Borrowings are both subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can be extended and overdraft facilities drawn upon in extenuating circumstances.

The contractual undiscounted cash outflows (i.e.. principal and interest) of Council's Payables & Borrowings are set out in the Liquidity Table below:

\$	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying Values
<b>2021</b>					
Payables	14,109,816	-	-	14,109,816	14,109,816
Borrowings	4,600,668	15,635,643	8,228,723	28,465,034	28,465,034
	<b>18,710,484</b>	<b>15,635,643</b>	<b>8,228,723</b>	<b>42,574,850</b>	<b>42,574,850</b>
<b>2020</b>					
Payables	9,856,328	-	-	9,856,328	9,856,328
Borrowings	4,798,496	18,026,634	10,253,920	33,079,050	33,079,050
	<b>14,654,824</b>	<b>18,026,634</b>	<b>10,253,920</b>	<b>42,935,378</b>	<b>42,935,378</b>

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk by borrowing long term and fixing the interest rate on a basis that is most suitable for the circumstance. Council officers regularly review interest rate movements to determine if it would be advantageous to refinance or renegotiate part, or all of the loan portfolio.

The following interest rates were applicable to the Council's Borrowings at balance date:

	30-Jun-21		30-Jun-20	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Bank Loans - Fixed	2.86%	28,465,034	2.95%	33,079,050
		28,465,034		33,079,050

##### Notes:

1. The interest rate risk applicable to Variable Rate Bank Loan is not considered significant.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 39. Fair Value Measurements

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The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, Property,
- Investment Property
- Financial Assets & Liabilities

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

**(1) The following table presents all assets and liabilities that have been measured & recognised at fair values:**

	Date	Fair Value Measurement using:			Total
		Level 1	Level 2	Level 3	
	of latest	Quoted	Significant	Significant	
	Valuation	prices in	observable	unobservable	
		active mkts	inputs	inputs	
<b>2021</b>					
<b>Financial Assets</b>					
Investments					
- "Designated At Fair Value on Initial Recognition"	31/12/20	-	-	332,131	332,131
- "Loans and Receivables"	30/06/21	-	-	19,230,059	19,230,059
Receivables	30/06/21	-	-	7,893,854	7,893,854
<b>Total Financial Assets</b>		-	-	<b>27,456,044</b>	<b>27,456,044</b>
<b>Financial Liabilities</b>					
Payables	30/06/21	-	-	14,109,816	14,109,816
Loans / Advances	30/06/21	-	-	28,465,034	28,465,034
<b>Total Financial Liabilities</b>		-	-	<b>42,574,850</b>	<b>42,574,850</b>
<b>Property, Plant &amp; Equipment</b>					
- Land	30/06/21	-	59,875,000	-	59,875,000
- Buildings	30/06/21	-	-	104,079,999	104,079,999
- Furniture & Equipment	30/06/19	-	-	1,400,962	1,400,962
- Plant & Equipment	30/06/16	-	9,057,635	-	9,057,635
- Artwork	30/06/19	-	813,609	-	813,609
<b>Total Property, Plant &amp; Equipment</b>		-	<b>69,746,245</b>	<b>105,480,961</b>	<b>175,227,206</b>

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 39. Fair Value Measurements (continued)

\$

(1) The following table presents all assets and liabilities that have been measured & recognised at fair values: (continued)

	Date	Fair Value Measurement using:			Total
		Level 1	Level 2	Level 3	
2021	of latest	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
<b>Infrastructure</b>	Valuation				
- Roads	30/06/18	-	-	578,907,325	578,907,325
- Recreation	30/06/18	-	-	51,131,940	51,131,940
- Car Parks	30/06/18	-	-	10,546,857	10,546,857
- Meru Landfill	30/06/18	-	-	16,982,410	16,982,410
- Airport	30/06/20	-	-	25,060,905	25,060,905
- Effluent Scheme	30/06/18	-	-	543,938	543,938
<b>Total Infrastructure</b>		-	-	683,173,375	683,173,375
<b>2020</b>					
<b>Financial Assets</b>					
Investments					
- "Designated At Fair Value on Initial Recognition"	30/06/15	-	-	320,495	320,495
- "Loans and Receivables"	30/06/15	-	-	2,551,541	2,551,541
Receivables	30/06/18	-	-	8,267,358	8,267,358
<b>Total Financial Assets</b>		-	-	11,139,394	11,139,394
<b>Financial Liabilities</b>					
Payables	30/06/18	-	-	9,856,328	9,856,328
Loans / Advances	30/06/18	-	-	33,079,050	33,079,050
<b>Total Financial Liabilities</b>		-	-	42,935,378	42,935,378
<b>Property, Plant &amp; Equipment</b>					
- Land	30/06/17	-	85,652,675	-	85,652,675
- Buildings	30/06/17	-	-	107,303,456	107,303,456
- Furniture & Equipment	30/06/16	-	-	1,466,656	1,466,656
- Plant & Equipment	30/06/16	-	9,812,366	-	9,812,366
- Artwork	14/11/14	-	813,609	-	813,609
<b>Total Property, Plant &amp; Equipment</b>		-	96,278,650	108,770,112	205,048,762
<b>Infrastructure</b>					
- Roads	30/06/18	-	-	583,691,084	583,691,084
- Recreation	30/06/18	-	-	48,870,556	48,870,556
- Car Parks	30/06/18	-	-	10,871,013	10,871,013
- Meru Landfill	30/06/18	-	-	17,392,904	17,392,904
- Airport	30/06/18	-	-	25,985,800	25,985,800
- Effluent Scheme	30/06/18	-	-	551,420	551,420
<b>Total Infrastructure</b>		-	-	687,362,777	687,362,777

## (2) Transfers between Level 1 &amp; Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 39. Fair Value Measurements (continued)

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##### (3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (i.e.. Level 1 inputs) Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

##### Property, Plant & Equipment

##### **LAND AND BUILDINGS**

APV valuers & Asset Management completed a valuation of the Land & Buildings with the effective date of valuation 30th of June 2021.

APV has undertaken the financial reporting valuation for City of Greater Geraldton in accordance with the Australian Accounting Standards. The valuation reporting has involved the confirmation of completeness of asset registers, physical inspection of the assets and capturing data such as the asset age, type, condition and then compiling information and assessing the value of the assets. Further to this, APV has provided the Insurance Value where requested. Throughout this process, APV ensured quality management procedures were implemented to achieve the most accurate asset valuation reporting.

##### Comparison to Previous Valuation

The following table provides a summary of changes between the values reported in the previous financial statements and this valuation:

- Australian Accounting Standards Board has clarified the requirements for the definition of Residual Value. This in turn has had implications for the determination of depreciation expense.
- As the AASB's May 2015 decision has now removed the perceived link between valuation and depreciation expense APV took the opportunity to simplify the depreciation by adopting a straight-line approach. This has led to a number of asset written down values (Fair Value) decreasing.
- It has been determined that except in rare circumstances, the Residual Value is nil for all asset components. This has led to an increase in the overall depreciation expense.
- In accordance with the AASB decision components are now split into long life and short life apportionments and depreciated separately.
- The Useful Life of the long life portion if the components are now split into long life and short life account the normal range of time between major renewals.

The valuation and associated depreciation expense calculations have been prepared in accordance accounting standards at Fair Value. Fair Value is defined as:

*"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date"*

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 39. Fair Value Measurements (continued)

\$

#### (3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

##### Property, Plant & Equipment (continued)

Depending upon the nature of the specific asset the valuation approach may have included the of a singular or multiple techniques:

- 1) The Market Approach has been applied where there is a principal market which provides evidence of the Fair Value of the asset.
- 2) The Income Approach has been applied for assets where the income generating capability of asset provides the best estimate of the asset's Fair Value.
- 3) The Cost Approach is used for assets which are not commonly traded. Typically these include that public and not-for-profit sectors entities use to provide to the public for no or minimal charge.
- 4) In rare circumstances the valuation may also include a combination of approaches.

The levels of the valuation hierarchy are defined in relation to the inputs used to determine the The valuation hierarchy is determined by the lowest level of input used (except where the impact of lowest level is deemed to be insignificant). The inputs are defined as:

- A) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the entity can access at the measurement date;
- B) Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- C) Level 3 inputs are unobservable inputs for the asset or liability.

#### **PLANT & EQUIPMENT**

A fair value valuation of Plant and Equipment was completed 30/06/2016 by the City's fleet manager. All of the valuations were made on the basis of open market values of similar assets (based on figures supplied by auction groups, council sales records, vehicle valuation guides and the IPWEA Plant and Vehicle Management Manual) adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy).

#### **FURNITURE & EQUIPMENT**

Management conducted a valuation of furniture and equipment effective 30/06/2019 actualising the asset register and aligning the asset class with the capitalisation thresholds outlined in the Significant Accounting Policies. Using level 3 valuation inputs ensured no material variance in existing balance sheet values for this asset class was observed with the carrying amount of each asset fairly stated at reporting date.

#### **ARTWORK**

A valuation of Artwork was conducted by Banziger Hulme Fine Art Consultants P/L 28th May 2019. David Hulme is an approved valuer for the Australian Government's Cultural Gifts Program. The valuation of the collection is based on market value with market value defined as "what a willing buyer would pay a willing seller in an arm's length transaction after proper marketing" of similar assets adjusted for condition and for condition and comparability (Level 2 inputs in the fair value hierarchy).

All property, plant and equipment classes are carried at fair value and subject to revaluation every 5 years as well as an annual assessment as to whether there is an indication an asset may have been impaired in accordance with AASB 136 "Impairment of Assets".

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 39. Fair Value Measurements (continued)

\$

#### (3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

##### Infrastructure

###### **AIRPORT**

Griffin Valuation Advisory completed a valuation of Infrastructure assets with the effective date of valuation 30th of June 2020.

###### Road, Equipment and Civil Assets

All road, equipment and civil assets were valued using the cost approach.

The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres or similar capacity could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

###### **MERU LANDFILL**

AVP Valuers & Asset Management completed a valuation of Infrastructure assets with the effective date of 30th of June 2018.

###### Road, Equipment and Civil Assets

All road, equipment and civil assets were valued using the cost approach.

The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres or similar capacity could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

###### Landfill

Landfill comprises both the cells and capping and is classified as a land improvement which is recorded separate to the land. The underlying land is valued independently of the land improvements. The valuation has been determined using the cost approach. This included disaggregating the overall land improvements into a range of different components based on each component providing a different purpose and as a result exhibiting a different useful life. Day to day operating costs (such as minor maintenance and monitoring) has been excluded from the valuation. To provide consistency, any associated day to day revenues have also been excluded from the valuation.

Observable inputs to the valuation included the dimensions and design of the assets, the average unit rate for similar construction based on recent projects undertaken by the entity and the amount of remaining volume in each cell. Unobservable inputs included estimates of the estimated remaining life of the site. This has been based on council's statutory requirement to continue monitoring the site post complete consumption of the landfill. All calculations assume a zero residual value and a constant pattern of consumption.



## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 39. Fair Value Measurements (continued)

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#### (3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

##### Infrastructure (continued)

##### **MERU LANDFILL** (continued)

##### Landfill (continued)

- Cost to prepare site - based on current costs and depreciate to nil over remaining life of site. These costs were negligible and therefore have not been included as a separate component
- Cost to prepare each cell - based on current cost and depreciated to nil as cell is filled.
- Cost to prepare leachate and overflow ponds - based on current cost and depreciated to nil over period till statutory monitoring is no longer required

Council established a rehabilitation provision for estimated future capping expenditure that is discounted to its present value, with the unwinding of the discount being charged to the statement of comprehensive income within the amortisation charge. The discounted present value of the future capping expenditure is capitalised as part of the Landfill asset (2020-2021: \$9,155,248) and is amortised on a straight-line basis.

At each reporting date the restoration and rehabilitation liability is re-measured to account for any new disturbance, updated cost estimates, inflation, changes to the estimated reserves and lives of operations, new regulatory requirements, environmental policies and revised discount rates. Changes to the restoration and rehabilitation liability are added to or deducted from the related rehabilitation asset and amortised accordingly.

##### **OTHER INFRASTRUCTURE**

##### **Roads (Drainage, Bridges, Roundabouts, Medians and Islands, Street lighting, Bus Shelters, Footpaths)**

Assets revalued and reviewed by Management with data sourced from the My Data database, Intramaps, CadCorp and extensive field audits conducted by the Asset Management Team and the ARRB (Australian Road Research Board).

##### **Car Parks**

Assets revalued and reviewed by Management with data sourced from MyData and condition assessments undertaken by ARRB on sealed carparks.

A reasonably flat rate asset condition distribution has been applied with an average RUL (Remaining Useful Life) of 60% of Design Life being applied across the portfolio.

##### **Recreation (Parks)**

Recreation (Parks) assets was revalued and reviewed by Management through its myData register 30/06/2018. MyData is based on asset lifecycle costing with automated valuations complying with Australian Accounting Standards.

Valuation is based on a combination of age and condition of the asset. Certain valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy) and certain valuations were made having regard for current replacement cost and residual values (cost based approach, which are Level 3 inputs in the fair value hierarchy). Given the significance of the Level 3 inputs into the overall fair value measurement, the assets are deemed to have been valued using Level 3 inputs. These Level 3 inputs are based on the assumptions with regard 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.

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 39. Fair Value Measurements (continued)

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## (4). Fair value measurements using significant unobservable inputs (Level 3)

a. The following tables present the changes in Level 3 Fair Value Asset Classes.

	Land	Buildings	Furniture & Equipment	Roads	Total
<b>Opening Balance - 1/7/19</b>	-	106,639,744	1,584,408	585,123,301	693,347,453
Purchases (GBV)	-	2,760,164	917,500	12,128,442	15,806,106
Disposals (WDV)	-	(623,374)	(708,943)	(2,899)	(1,335,216)
Depreciation & Impairment	-	(2,078,808)	(352,678)	(16,099,273)	(18,530,759)
Transfer between Asset Classes	-	613,526	26,367	2,541,513	3,181,406
Revaluation - (Decrements)	-	(480,030)	-	-	(480,030)
<b>Closing Balance - 30/6/20</b>	-	106,831,222	1,466,656	583,691,084	691,988,960
Purchases (GBV)	-	1,322,374	368,922	11,632,657	13,323,953
Disposals (WDV)	-	(520,762)	(96,677)	-	(617,439)
Depreciation & Impairment	-	(1,974,800)	(337,939)	(16,416,416)	(18,729,155)
Transfer between Asset Classes	-	(1,191,322)	-	-	(1,191,322)
Revaluation - (Decrements)	-	(233,860)	-	-	(233,860)
Impairment - (Decrements)	-	(152,853)	-	-	(152,853)
<b>Closing Balance - 30/6/21</b>	-	104,079,999	1,400,962	578,907,325	684,388,284

	Recreation	Car Parks	Meru Landfill	Airport	Total
<b>Opening Balance - 1/7/19</b>	49,761,450	10,133,494	17,956,086	51,560,812	129,411,842
Purchases (GBV)	4,194,502	324,552	1,462,516	238,657	6,220,227
Depreciation & Impairment	(1,737,716)	(481,590)	(684,481)	(1,207,068)	(4,110,855)
Other movement	(3,347,680)	894,555	(1,341,216)	(12,900)	(3,807,241)
Other movement (Revaluation)	-	-	-	(24,593,701)	(24,593,701)
<b>Closing Balance - 30/6/20</b>	48,870,556	10,871,013	17,392,905	25,985,800	103,120,272
Purchases (GBV)	3,118,695	124,127	97,960	185,722	3,526,504
Depreciation & Impairment	(2,002,822)	(494,094)	(572,915)	(1,110,618)	(4,180,449)
Reclassifications between Asset Classes	1,145,511	45,811	-	-	1,191,322
Other movement (Revaluation)	-	-	64,460	-	64,460
<b>Closing Balance - 30/6/21</b>	51,131,940	10,546,857	16,982,410	25,060,905	103,722,109

## (5). Highest and best use

All of Council's non financial assets are considered to being utilised for their highest and best use.

## City of Greater Geraldton

### Notes to the Financial Statements for the year ended 30 June 2021

#### Note 40. "Held for Sale" Non Current Assets & Disposal Groups

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Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

#### Note 41. Investment Properties

Council has not classified any Land or Buildings as "Investment Properties".

#### Note 42. Intangible Assets

	2021 Carrying Amount	2020 Carrying Amount
<b>Intangible Assets are as follows;</b>		
<b>Opening Values:</b>		
Gross Book Value (1/7)	104,143	104,143
<b>Net Book Value - Opening Balance</b>	<b>104,143</b>	<b>104,143</b>
<b>Movements for the year</b>		
- Purchases	55,316	-
<b>Closing Values:</b>		
Gross Book Value (30/6)	159,460	104,143
<b>Total Intangible Assets - Net Book Value <sup>1</sup></b>	<b>159,460</b>	<b>104,143</b>
<b><sup>1</sup> The Net Book Value of Intangible Assets represent:</b>		
- Laneway Easement	159,460	104,143
	<b>159,460</b>	<b>104,143</b>

Council will not amortise the Laneway Easement as it has an indefinite useful life.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 43. Equity - Retained Earnings and Reserves Adjustments

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##### (a). Correction of Error/s relating to a Previous Reporting Period

In October 2020 the City of Greater Geraldton completed the subdivision of a portion of lot 200 Gaskin Drive, Cape Burney whereby 23 residential freehold leased lots were created. The City invited leaseholders to acquire a freehold titled lot. A Contract of Sale was entered into with 22 of the 23 leaseholders which required an upfront payment of \$60,000.00 with the balance of the purchase price being payable within 20 business days of the issue of a separate Certificate of Title for the lot. The deposits totalling \$1,240,000 were treated as income (Contributions) in the Statement of Comprehensive Income for the Year Ended 30 June 2019. It is considered that the correct accounting treatment for the deposits was to treat them as a current liability in the City's Statement of Financial Position as at 30 June 2019. In order to correct this error, the City will restate the opening balances in the Statement of Changes of Equity and Statement of Financial Position as at 30 June 2021.

As this error was made in the comparative period, the Statement of Financial Position balances as at 30 June 2020 were restated and the profit before tax was decreased by \$1,240,000.

##### (b). Correction of Error/s relating to a Previous Reporting Period

The Polo Club leases a piece of land from the City of Greater Geraldton to carry out its activities, the sport of Polo. This arrangement was inherited from the Shire of Greenough when the City of Geraldton and Shire of Greenough amalgamated in 2007. At the time of amalgamation, the land and structures were brought onto the asset register of the new council and have been on the register ever since. It has now been established that the City only owns the land, and the structures are owned by the Polo Club.

A prior year adjustment has been made to remove the structures from the city's asset register. The impact of this adjustment is highlighted below

The below section shows the restatement of each line item affected by the errors.

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 43. Equity - Retained Earnings and Reserves Adjustments (continued)

\$	Actual 2019	Correction of error adjustment	Restated actual 2019	Actual 2020	Correction of error adjustment	Restated actual 2020
<b>30 June 2020 Comparative Year</b>						
<b>Financial Statement Line Item</b>						
<b>Statement of Profit of Loss and Other Comprehensive Income (Extract)</b>						
<b>Revenue</b>						
Operating Grants, Subsidies & Contributions (a)	8,701,906	(1,240,000)	7,461,906	-	-	-
<b>Total income</b>	<b>79,978,818</b>	<b>(1,240,000)</b>	<b>78,738,818</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses</b>						
Depreciation & Amortisation (b)				(24,518,212)	7,795	(24,510,416)
<b>Total Expenses</b>				<b>(79,128,378)</b>	<b>7,795</b>	<b>(79,120,583)</b>
<b>Operating Result from Continuing Operations</b>	<b>550,758</b>	<b>(1,240,000)</b>	<b>(689,242)</b>	<b>627,063</b>	<b>7,795</b>	<b>634,858</b>
<b>Net Result - Surplus (Deficit)</b>	<b>21,144,374</b>	<b>(1,240,000)</b>	<b>19,904,374</b>	<b>2,057,432</b>	<b>7,795</b>	<b>2,065,227</b>
<b>Other Comprehensive Income</b>						
Changes on revaluation of non-current assets (b)				(20,210,775)	(480,029)	(20,690,804)
<b>Total comprehensive income for the period</b>	<b>21,094,542</b>	<b>(1,240,000)</b>	<b>19,852,542</b>	<b>(18,153,343)</b>	<b>(472,234)</b>	<b>(18,625,577)</b>

## City of Greater Geraldton

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 43. Equity - Retained Earnings and Reserves Adjustments (continued)

\$	Actual 2019	Correction of error adjustment	Restated actual 2019	Actual 2020	Correction of error adjustment	Restated actual 2020
<b>Statement of Financial Position (Extract)</b>						
<b>Non-Current Assets</b>						
Property, Plant and Equipment (b)				205,048,762	(472,234)	204,576,528
<b>Total Non-Current Assets</b>				893,767,582	(472,234)	893,295,347
<b>TOTAL ASSETS</b>				939,242,705	(472,234)	938,770,471
<b>Current Liabilities</b>						
Contract Liabilities (a)	-	-	-	765,330	1,240,000	2,005,330
Trade & Other Payables (a)	19,357,080	1,240,000	20,597,080	-	-	-
<b>Total Current Liabilities</b>	29,696,408	1,240,000	30,936,408	-	-	-
<b>TOTAL LIABILITIES</b>	73,462,501	1,240,000	74,702,501	-	-	-
<b>Net assets</b>	897,452,520	(1,240,000)	896,212,520	-	-	-
<b>Equity</b>						
Retained Surplus	347,843,747	(1,240,000)	346,603,747	350,376,346	(1,232,205)	349,144,141
Reserves - Asset Revaluation (Note 15)				507,362,368	(480,029)	506,882,339
<b>Total equity</b>	897,452,520	(1,240,000)	896,212,520	880,747,670	(1,712,234)	879,035,436
<b>Statement of Changes in Equity (Extract)</b>						
Net Result	21,144,374	(1,240,000)	19,904,374	2,057,432	7,795	2,065,227

## Note 44. Discontinued Operations

Council has not classified any of its Operations as "Discontinued".

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 45. Events occurring after the Reporting Period

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Events that occur between the end of the reporting period (ending 30 June 2021) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the applicable "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is dd/mm/yy.

Events that occur after the Reporting Period represent one of two types:

##### **(i) Events that provide evidence of conditions that existed at the Reporting Period**

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2021.

##### **(ii) Events that provide evidence of conditions that arose after the Reporting Period**

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2021 and which are only indicative of conditions that arose after 30 June 2021.

Council is unaware of any material or significant "non-adjusting events" that should be disclosed.

#### Note 46. Transactions with Related Parties

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##### **(a) Subsidiaries (ie. Entities and Operations controlled by Council)**

Council has no interest in any Subsidiaries.

##### **(b) Associates**

Council has no interest in any Associates.

##### **(c) Key Management Personnel**

###### **Transactions with Key Management Personnel**

Key management personnel include the Mayor, Councillors, Chief Executive and other members of the senior management team.

Related parties include Council's key management personnel (KMP), their close family members, and any entities that they or any of their close family members control or jointly control.

## City of Greater Geraldton

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 46. Transactions with Related Parties (continued)

\$	2021	2020
<b>(c) Key Management Personnel (continued)</b>		
The compensation paid to Key Management Personnel comprises:		
Short-Term Employee Benefits	1,678,550	1,552,113
Post-Employment Benefits	136,840	128,634
Long-Term Benefits	27,860	24,392
<b>Total</b>	<b>1,843,250</b>	<b>1,705,139</b>

#### 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).

Council has assessed the materiality of disclosure of transactions with related parties on the following criteria:

- 1) The potential effect of the relationship on the financial statements;
- 2) Whether the transaction occurred as:
  - a) part of a public service provider relationship with a taxpayer on terms no different to that of a transaction with the general public or
  - b) part of an ordinary operational transaction within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that is reasonable to expect the Council would have adopted with the party at arm's length in the same circumstances.

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.

The following transactions occurred with related parties

	2021 Actual	2021 Actual
Sale of goods and services	18,997	-
Purchase of Goods and Services	13,980	-
Amounts outstanding from related parties - Trade & other receivables	5,703	-
Amounts outstanding to related parties - Trade & other payables	2,049	-



## City of Greater Geraldton

### Notes to the Financial Statements for the year ended 30 June 2021

#### Note 47. Initial Application of Australian Accounting Standards

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##### New Accounting Standard

Nil

#### Note 48. New Accounting Standards and Interpretations

AASB 1059 Service Concession Arrangements: Grantors is effective on or after 1 July 2020, which resulted in changes to accounting policies. AASB 1059 introduces the accounting treatment for assets in service concession arrangements from the perspective of public sector grantors. The standard defines a service concession arrangement and provide guidance on the recognition and measurement requirements. Determining whether an arrangement is a service concession requires significant judgement and should be assessed on an asset by asset basis. The City completed an internal assessment on the adoption of AASB 1059 and concluded that there was no impact of AASB 1059 as of 1 July 2020 and for the current financial year.

AASB 2018-7 Definition of Material : This standard includes additional explanation to expand the definition of what information may be considered material in nature and how presentation may also be an influence. There was no impact of AASB 2018-17 as of 1 July 2020 and for the current financial year.

## City of Greater Geraldton

### Notes to the Financial Statements for the year ended 30 June 2021

#### Note 49. Council Information & Contact Details

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##### **Principal Place of Business:**

63 Cathedral Avenue  
Geraldton WA 6530

##### **Contact Details**

##### **Mailing Address:**

PO Box 101  
Geraldton WA 6531

##### **Opening Hours:**

Monday - Friday  
8.30am to 5.00pm

**Telephone:** 08 9956 6600

**Facsimile:** 08 9956 6674

**Internet:** [www.cgg.wa.gov.au](http://www.cgg.wa.gov.au)

**Email:** [council@cgg.wa.gov.au](mailto:council@cgg.wa.gov.au)

##### **Officers**

##### **CHIEF EXECUTIVE OFFICER**

Ross McKim

##### **Elected Members**

##### **MAYOR**

Shane Van Styn

##### **AUDITORS**

Office of the Auditor General  
7th Floor, Albert Facey House  
469 Wellington Street, Perth

##### **COUNCILLORS**

Steve Douglas  
David Caudwell  
Tarleah Thomas  
Jennifer Critch  
Robert Hall  
Victor Tanti  
Natasha Colliver  
Simon Keemink  
Sally Elphick  
Jerry Clune  
Peter Fiorenza  
Kim Parker

##### **Other Information**

**ABN:** 55 907 677 173

**INDEPENDENT AUDITOR'S REPORT  
2021  
City of Greater Geraldton**

**To the Councillors of the City of Greater Geraldton**

## **Report on the audit of the annual financial report**

### **Opinion**

I have audited the financial report of the City of Greater Geraldton (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 Greater Geraldton:

- 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.

### **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](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

### **Report on other legal and regulatory requirements**

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

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the City:
  - a) The Asset Sustainability Ratio as reported in note 24 of the financial report is below the Department of Local Government, Sport and Cultural Industries' basic standard for the past two financial years and the current year is below last year.
- (ii) The following material matter indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law was identified during the course of my audit:
  - a) We identified weaknesses in the City's general computer controls over user access and change management relating to the financial system. These weaknesses increase the risk of inappropriate or unauthorised access to the system and undermine the confidentiality, integrity and availability of the entity's financial system and information.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

## **Other information**

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

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

## **Matters relating to the electronic publication of the audited financial report**

This auditor's report relates to the financial report of the City of Greater Geraldton 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.

Sandra Labuschagne  
Deputy Auditor General  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
xx December 2021

**7 GENERAL BUSINESS**

**8 MEETING CLOSURE**