



AUDIT COMMITTEE MEETING

AGENDA

12 DECEMBER 2023

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CITY OF GREATER GERALDTON

**AUDIT COMMITTEE MEETING
TO BE HELD ON TUESDAY 12 DECEMBER 2023 AT 3.30PM
IN THE GREENOUGH ROOM – CIVIC CENTRE**

A G E N D A

1 DECLARATION OF OPENING

(Meeting declared open by either CEO or Director P Radalj)

2 ATTENDANCE

Present:

Officers:

By Invitation:

Apologies:

Leave of Absence:

3 ELECTION OF PRESIDING MEMBER

At the conclusion of the election the meeting is handed over to the presiding member

4 ELECTION OF DEPUTY PRESIDING MEMBER

5 CONFIRMATION OF PREVIOUS MINUTES

Recommendation: That the minutes of the City of Greater Geraldton Audit Committee meeting held on **26 April 2023** as attached be accepted as a true and correct record of proceedings.



AUDIT COMMITTEE MEETING
MINUTES

26 APRIL 2023

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CITY OF GREATER GERALDTON

**AUDIT COMMITTEE MEETING
TO BE HELD ON WEDNESDAY 26 APRIL 2023 AT 3.00PM
IN THE GREENOUGH ROOM – CIVIC CENTRE**

MINUTES

1 DECLARATION OF OPENING

The meeting was declared open at 3.00 pm by Chairman Mayor Van Styn

2 ATTENDANCE

Present:

Mayor Van Styn
Deputy Mayor Clune
Cr N Colliver

Officers:

R McKim, Chief Executive Officer
P Radalj, Director Corporate Services
R Doughty, Chief Financial Officer
T Machukera, Financial Accountant
M Adam, Minute Secretary

By Invitation: (by video link)

Amit Kambra
Mark Ambrose

Apologies:

Cr Thomas (proxy)

Leave of Absence:

Cr Reymond

3 CONFIRMATION OF PREVIOUS MINUTES

Recommendation: That the minutes of the City of Greater Geraldton Audit Committee meeting held on 14 March 2023 as attached be accepted as a true and correct record of proceedings.

MOVED: Cr Colliver SECONDED Cr Clune

Signed _____ Dated _____

COMMITTEE DECISION

That the minutes of the City of Greater Geraldton Audit Committee meeting held on 14 March 2023 as attached be accepted as a true and correct record of proceedings.

CARRIED 3/0

Signed _____ Dated _____

4 ITEMS FOR AUDIT COMMITTEE REVIEW

AC131	AUDIT ENTRANCE MEETING WITH OAG AND RSM
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AGENDA REFERENCE:	D-23-047836
AUTHOR:	R Doughty, Chief Financial Officer
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	11 April 2023
FILE REFERENCE:	GO/11/0020-0025
ATTACHMENTS:	Yes (x1) Audit Planning Memorandum

EXECUTIVE SUMMARY:

The purpose of this report is to provide the Committee with the Audit Planning Memorandum for the year ending 30 June 2023.

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 Planning Memorandum for the year ending 30 June 2023.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The Local Government Amendment (Auditing) Act 2017 made legislative changes giving the Auditor General the mandate to audit Western Australian local governments. The Act allows the Auditor General to contract out some or all the financial audits, but all audits remain the responsibility of the Auditor General.

Each year the Office of the Auditor General (OAG) undertake an audit of the City's financial report. The OAG appointed RSM as the contract auditor who will undertake the audits for the period 2020-21 to 2022-23.

The interim audit for the 2022-23 year is scheduled for May 2023, and prior to this an Entrance meeting is required to discuss the Audit Planning Memorandum (draft attached). This document provides detail of the proposed approach by RSM Australia in undertaking the financial audit.

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:

Community:

There are no adverse community impacts.

Economy:

There are no adverse economic impacts.

Signed _____ Dated _____

Environment:

There are no adverse environmental impacts.

Leadership:

There are no adverse leadership impacts.

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. The previous entrance meeting was 19 April 2022 report AC119.

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**

Signed _____ Dated _____

- (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 in the budget is made to undertake the audit.

INTEGRATED PLANNING LINKS:

Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.
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 audit entrance meeting assists both the Committee and the OAG to undertake the annual financial audit.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternative options were considered.

NOTED

The Committee Received the Audit Planning Memorandum for the year ending 30 June 2023.

Signed _____ Dated _____

5 FRAUD CONTROL – Nil

6 GENERAL BUSINESS - Nil

7 MEETING CLOSURE

There being no further business, the meeting was declared closed at 3.42 pm

Signed _____ Dated _____

6 ITEMS FOR AUDIT COMMITTEE REVIEW

AC132	EXIT INTERVIEW OAG AND RSM
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AGENDA REFERENCE:	D-23-163544
AUTHOR:	Nita Jane, Chief Financial Officer
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	5 December 2023
FILE REFERENCE:	GO/11/0020-002
ATTACHMENTS:	Yes (x5) 3 x Confidential
	A. Exit Meeting Agenda
	B. Confidential - Audit Planning Memorandum
	C. Confidential - Draft Management Letter
	D. Confidential – Draft Closing Report
	E. Draft Annual Financial Report for 2022-2023

EXECUTIVE SUMMARY:

The purpose of this report is to enable an Audit Exit Meeting to be conducted for the 2022-23 financial audit. It also provides an opportunity for the Office of the Auditor General (OAG) and contract auditor RSM Australia, to discuss the draft Closing Report and Management Letter, and an occasion to raise any concerns associated with the audit process.

EXECUTIVE RECOMMENDATION:

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

1. RECEIVE the Office of Auditor General overview of the audit findings for the year ended 30 June 2023 (as outlined in the draft 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 Auditor General is responsible for the auditing of local governments within Western Australia. (Local Government (Audit) Regulations 1996. The Auditor General engaged RSM to conduct the financial audit for the City on their behalf, initially for the three years to 30 June 2023. The contract has been extended to include the 2023-24 and 2024-25 financial years.

In accordance with section 7.12A(2) of the Local Government Act 1995 and the Local Government Audit Regulation 1996, Council is required to meet with the external auditor at least once per year.

The Audit Committee met with representatives of the Auditor General and contract auditors RSM Australia on 26 April 2023 for the Audit Entrance Meeting. (AC131) and received the Audit Planning memorandum for the year ending 30 June 2023. (Attachment B).

The interim audit was conducted by RSM on behalf of the OAG and included an onsite visit from 1 to 5 May 2023.

In accordance with section 6.4(3) of the Local Government Act 1995, the 2022-23 Financial Report was prepared and submitted to the Office of the Auditor General on 29 September 2023.

The final audit was conducted by RSM on behalf of the OAG. The auditors worked remotely for the majority of the audit and attended the City offices for one week from 2 to 6 October 2023. They performed testing on all areas of the accounts, with a focus on areas they consider to be of high risk.

A further Audit Committee meeting will be scheduled early in the new calendar year once the final Annual Financial Report for 2022-23 is received from OAG including the Audit Report and Management Letter.

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 one of its primary functions and that is to examine and discuss with the auditors their findings in relation to audits conducted.

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 the Office of Auditor General, the contract auditor and the Audit Committee.

Item AC121 – Exit Interview OAG and RSM (held on 13 December 2022).

Item AC131 – Audit Entrance meeting with OAG and RSM (held on 26 April 2023).

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government Act 1995, section 1.4 Terms used:

auditor means —

- (a) *in relation to an audit, other than a performance audit —*
 - (i) *in relation to a local government that has an audit contract that is in force — a person for the time being appointed under Part 7 Division 2 to be the auditor of the local government; and*
 - (ii) *in relation to a local government that does not have an audit contract that is in force — the Auditor General;*
- and*
- (b) *in relation to a performance audit — the Auditor General;*

Local Government Act 1995, section 6.4 Financial report:

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

Local Government Act 1995, section 7.12AD Reporting on a financial audit:

- (1) *The auditor must prepare and sign a report on a financial audit.*
- (2) *The auditor must give the report to —*
 - (a) *the mayor, president or chairperson of the local government; and*
 - (b) *the CEO of the local government; and*
 - (c) *the Minister.*

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:

Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.
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 4.7	Council understands its roles and responsibilities and leads by example.

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

The audit committee plays an integral role in the oversight of CGG's management of regulatory compliance and risks, ensuring that required controls are being implemented and are effective.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternative options were considered.



Exit Meeting Agenda

FINANCIAL ATTEST AUDIT OF CITY OF GREATER GERALDTON FOR THE YEAR ENDED 30 JUNE 2023

ATTENDEES:

City of Greater Geraldton:

Audit Committee Members

Mayor J Clune
Deputy Mayor Cr N Colliver
Cr J Denton
Cr M Librizzi
Cr S Cooper – deputy member

Attendees

Ross McKim, Chief Executive Officer
Paul Radalj, Director Corporate Services
Nita Jane, Chief Financial Officer
Temba Machukera, Financial Accountant
Margot Adam, Minute Secretary

Auditors

Mark Ambrose Senior Director, Office of the Auditor General:

Amit Kabra Director, RSM Australia Pty Ltd

AJ Neo Principal, RSM Australia Pty Ltd

Meeting Date & Time: Tuesday, 12 December 2023, 3:30 PM

Location: Teleconference

Agenda

- 1 Introduction**
- 2 Matters arising from the audit**
 - 2.1 Financial statements - refer to Audit Closing Report
 - 2.2 Findings:
 - 2.2.1 TBC
- 3 Actions for next year audit**
- 4 General and closing comments**

DRAFT

City of Greater Geraldton

FINANCIAL REPORT (UNAUDITED)
for the year ended 30 June 2023

Serving today while building tomorrow



Financial Report (Unaudited)
for the year ended 30 June 2023

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Content Overview

- i) These financial statements are General Purpose Financial Statements and cover the consolidated operations.
- 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
- iv) Council has the power to amend and reissue the financial statements.

Financial Report (Unaudited)
for the year ended 30 June 2023

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Statement by Chief Executive Officer

The accompanying financial report of the City of Greater Geraldton has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the dd day of MMMM yyyy

Chief Executive Officer

DRAFT

Statement of Comprehensive Income

for the year ended 30 June 2023

	Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
Revenue				
Rates	30,2a	50,145,028	50,329,885	47,900,551
Grants, subsidies and contributions	2a-i	14,093,880	8,936,279	13,372,243
Fees and charges	2a-ii	24,336,509	23,785,039	23,217,306
Interest revenue	2a-iv	2,692,693	1,018,942	849,658
Other revenue	2a-v	1,096,838	1,052,865	384,517
		<u>92,364,948</u>	<u>85,123,010</u>	<u>85,724,275</u>
Expenses				
Employee costs	2b-i	(29,753,773)	(30,460,011)	(28,913,674)
Materials and contracts	2b-ii	(22,687,093)	(23,840,639)	(20,472,535)
Utility charges	2b-iii	(2,818,619)	(2,738,657)	(2,941,667)
Depreciation	10a	(25,846,062)	(25,398,958)	(25,087,132)
Finance costs	2b-iv	(1,050,184)	(825,487)	(954,428)
Insurance	2b-v	(934,654)	(975,377)	(835,631)
Other expenditure	2b-vi	(3,098,294)	(2,783,524)	(2,943,078)
		<u>(86,188,679)</u>	<u>(87,022,653)</u>	<u>(82,148,145)</u>
Operating result from continuing operations		<u>6,176,269</u>	<u>(1,899,643)</u>	<u>3,576,130</u>
Capital grants, subsidies and contributions	2a-i	10,132,484	12,792,443	7,652,178
Profit on asset disposals	10b	98,618	239,320	144,590
Loss on asset disposals	10b	(557,358)	(53,565)	(2,841,041)
Fair value adjustments to financial assets at fair value through profit or loss	2c	16,586	–	17,986
		<u>9,690,330</u>	<u>12,978,198</u>	<u>4,973,713</u>
Net result for the period	29b	<u>15,866,599</u>	<u>11,078,555</u>	<u>8,549,843</u>
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	19	32,076,601	68,922,550	(126,476)
Total other comprehensive income for the period	19	<u>32,076,601</u>	<u>68,922,550</u>	<u>(126,476)</u>
Total comprehensive income for the period		<u>47,943,200</u>	<u>80,001,105</u>	<u>8,423,367</u>

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

Statement of Financial Position

as at 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	3	18,218,685	14,199,011
Trade and other receivables	5	8,447,633	6,866,965
Other financial assets	4a	38,719,933	38,533,261
Inventories	6	444,848	407,180
Contract assets	2a-vi	2,338,083	307,298
Assets classified as held for sale	7	–	7,446,159
Total current assets		68,169,182	67,759,874
Non-current assets			
Trade and other receivables	5	600,600	611,641
Other financial assets	4b	11,561,234	6,592,457
Property, plant and equipment	8	195,777,310	164,969,696
Infrastructure	9	698,771,391	684,793,868
Right of use assets	11a	53,889	96,929
Intangible assets	12	159,460	159,460
Total non-current assets		906,923,884	857,224,051
Total assets		975,093,066	924,983,925
Liabilities			
Current liabilities			
Trade and other payables	14	16,775,986	14,937,585
Other liabilities	15	2,650,060	1,808,316
Lease liabilities	11b	47,974	45,124
Borrowings	16	3,696,812	4,275,466
Employee related provisions	17	5,806,558	5,583,469
Total current liabilities		28,977,390	26,649,960
Non-current liabilities			
Lease liabilities	11b	8,285	56,259
Borrowings	16	16,463,815	20,160,636
Employee related provisions	17	314,866	331,526
Other provisions	18	13,279,334	9,679,368
Total non-current liabilities		30,066,300	30,227,789
Total liabilities		59,043,690	56,877,749
Net assets		916,049,376	868,106,176
Equity			
Retained surplus		349,956,228	346,569,022
Reserve accounts	33	51,755,828	39,276,435
Revaluation surplus	19	514,337,320	482,260,719
Total equity		916,049,376	868,106,176

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

Statement of Changes in Equity

for the year ended 30 June 2023

	Note	Retained Surplus \$	Reserve Accounts \$	Revaluation Surplus \$	Total Equity \$
Balance as at 1 July 2021		344,453,382	32,842,232	482,387,195	859,682,809
Comprehensive income for the period					
Net result for the period		8,549,843	–	–	8,549,843
Other comprehensive income for the period					
Increase/(decrease) in asset revaluation surplus	19	–	–	(126,476)	(126,476)
Total comprehensive income for the period		8,549,843	–	(126,476)	8,423,367
Transfers from reserve accounts	33	6,203,780	(6,203,780)	–	–
Transfers to reserve accounts	33	(12,637,983)	12,637,983	–	–
Balance as at 30 June 2022		346,569,022	39,276,435	482,260,719	868,106,176
Balance as at 1 July 2022		346,569,022	39,276,435	482,260,719	868,106,176
Comprehensive income for the period					
Net result for the period		15,866,599	–	–	15,866,599
Other comprehensive income for the period					
Increase/(decrease) in asset revaluation surplus	19	–	–	32,076,601	32,076,601
Total comprehensive income for the period		15,866,599	–	32,076,601	47,943,200
Transfers from reserve accounts	33	11,045,294	(11,045,294)	–	–
Transfers to reserve accounts	33	(23,524,687)	23,524,687	–	–
Balance as at 30 June 2023		349,956,228	51,755,828	514,337,320	916,049,376

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

Statement of Cash Flows

for the year ended 30 June 2023

	Actual 2023	Budget 2023	Actual 2022
	\$	\$	\$
Notes			
Cash flows from operating activities			
Receipts			
Rates	50,092,939	50,080,480	48,567,485
Operating grants, subsidies and contributions	12,904,839	9,276,300	13,779,799
Fees and charges	22,868,100	23,785,039	22,762,631
Interest revenue	2,692,693	1,016,626	750,381
Other revenue	1,096,838	1,002,800	384,517
Total receipts	89,655,409	85,161,245	86,244,813
Payments			
Employee costs	(29,547,344)	(30,415,448)	(28,087,343)
Materials and contracts	(21,618,282)	(22,919,642)	(19,513,780)
Utility charges	(2,818,619)	(2,738,657)	(2,941,667)
Finance costs	(806,047)	(852,890)	(976,654)
Insurance paid	(934,654)	(975,377)	(835,631)
Goods and services tax paid	(49,129)	–	(75,380)
Other expenditure	(2,343,358)	(2,783,524)	(2,943,080)
Total payments	(58,117,433)	(60,685,538)	(55,373,535)
Net cash provided by (used in) operating activities	31,537,976	24,475,707	30,871,278
20b			
Cash flows from investing activities			
Payments			
Payments for financial assets at amortised cost	(5,160,233)	(5,650,000)	(24,971,167)
Payments for purchase of property, plant & equipment	(4,658,502)	(9,194,960)	(4,597,594)
Payments for construction of infrastructure	(24,171,595)	(28,401,032)	(23,943,094)
Town Planning Scheme and Development Contribution Plan Income	(100,000)	–	(600,000)
Unexpended Non-Operating Grants	–	–	(17,920)
Receipts			
Capital grants, subsidies and contributions	10,132,484	12,792,443	7,652,178
Proceeds from sale of property, plant & equipment	638,773	905,500	2,388,646
Proceeds from financial assets at amortised cost - term deposit	121,370	149,587	91,626
Net cash provided by (used in) investing activities	(23,197,703)	(29,398,462)	(43,997,325)
Cash flows from financing activities			
Payments			
Repayment of borrowings	(4,275,475)	(4,303,692)	(4,628,932)
Payments for principal portion of lease liabilities	(45,124)	(45,124)	(42,443)
Receipts			
Proceeds from new borrowings	–	650,000	600,000
Net cash flow provided by (used in) financing activities	(4,320,599)	(3,698,816)	(4,071,375)
Net increase /(decrease) in cash held	4,019,674	(8,621,571)	(17,197,422)
Cash at beginning of year	14,199,011	31,626,602	31,396,433
Cash and cash equivalents at the end of the year	18,218,685	23,005,031	14,199,011
3,20a			

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

Statement of Financial Activity

for the year ended 30 June 2023

	Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
Rates	30	50,145,028	50,329,885	47,900,551
Grants, subsidies and contributions		14,093,880	8,936,279	13,372,243
Fees and charges		24,336,509	23,785,039	23,217,306
Interest revenue		2,692,693	1,018,942	849,658
Other revenue		1,096,838	1,052,865	384,517
Profit on asset disposals		98,618	239,320	144,590
Fair value adjustments to financial assets at fair value through profit or loss	4b	16,586	–	–
		92,480,152	85,362,330	85,868,865
Expenditure from operating activities				
Employee costs		(29,753,773)	(30,460,011)	(28,913,674)
Materials and contracts		(22,687,093)	(23,840,639)	(20,472,535)
Utility charges		(2,818,619)	(2,738,657)	(2,941,667)
Depreciation		(25,846,062)	(25,398,958)	(25,087,132)
Finance costs		(1,050,184)	(825,487)	(954,428)
Insurance		(934,654)	(975,377)	(835,631)
Other expenditure		(3,098,294)	(2,783,524)	(2,943,078)
Loss on asset disposals		(557,358)	(53,565)	(2,841,041)
		(86,746,037)	(87,076,218)	(84,989,186)
Adjustment for cash budget requirements:				
Non-cash amounts excluded from operating activities	31	26,553,584	25,173,620	27,759,302
Amount attributable to operating activities		32,287,699	23,459,732	28,638,981
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		10,132,484	12,792,443	7,652,178
Proceeds from disposal of assets		638,773	905,500	2,388,646
Proceeds from financial assets at amortised cost - self supporting loans	32a	121,370	149,587	91,626
Proceeds from council loans		15,856	–	–
		10,908,483	13,847,530	10,132,450
Outflows from investing activities				
Purchase of property, plant and equipment	8a	(4,658,502)	(9,194,960)	(4,597,594)
Purchase and construction of infrastructure	9a	(24,171,595)	(28,401,032)	(23,943,094)
Advances to Community Groups		(100,000)	(650,000)	(600,000)
		(28,930,097)	(38,245,992)	(29,140,688)
Amount attributable to investing activities		(18,021,614)	(24,398,462)	(19,008,238)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	32a	–	650,000	600,000
Transfers from reserve accounts	33	11,045,294	4,353,725	6,203,783
		11,045,294	5,003,725	6,803,783
Outflows from financing activities				
Repayment of borrowings	32a	(4,275,475)	(4,303,684)	(4,628,932)
Payments for principal portion of lease liabilities	32d	(45,124)	(45,124)	(42,443)
Transfers to reserves (restricted assets)	33	(23,524,687)	(1,034,000)	(12,637,989)
		(27,845,286)	(5,382,808)	(17,309,364)
Amount attributable to financing activities		(16,799,992)	(379,083)	(10,505,581)
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	31	4,021,159	2,545,590	4,895,997
Amount attributable to operating activities		32,287,699	23,459,732	28,638,981
Amount attributable to investing activities		(18,021,614)	(24,398,462)	(19,008,238)

Statement of Financial Activity (continued)
for the year ended 30 June 2023

	Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
Amount attributable to financing activities		(16,799,992)	(379,083)	(10,505,581)
Surplus/(deficit) after imposition of general rates	31	1,487,252	1,227,777	4,021,159

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

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Notes to the Financial Statements

for the year ended 30 June 2023

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City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2023

Note 1. Basis of preparation

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

Local Government Act 1995 requirements

Section 6.4(2) of the Local Government Act 1995 read with the Local Government (Financial Management) Regulations 1996 prescribe that the financial report be prepared in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied except for disclosure requirements of:

- AASB 7 Financial Instruments Disclosures
- AASB 16 Leases paragraph 58
- AASB 101 Presentation of Financial Statements paragraph 61
- AASB 107 Statement of Cash Flows paragraphs 43 and 45
- AASB 116 Property, Plant and Equipment paragraph 79
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets paragraph 85
- AASB 140 Investment Property paragraph 75(f)
- AASB 1052 paragraph 11
- AASB 1054 Australian Additional Disclosures paragraph 16

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

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

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 34 to these financial statements.

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

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

- AASB 2020-3 Amendments to Australian Accounting Standards -Annual Improvements 2018-2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date
- AASB 2021-7a Amendments to Australian Accounting Standards- Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials
- AASB 2022-3 Amendments to Australian Accounting Standards -Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

These amendments have no material impact on the current annual financial report.

New accounting standards for application in future years

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

- AASB 2014-10 Amendments to Australian Accounting Standards-Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2020-1 Amendments to Australian Accounting Standards -Classification of Liabilities as Current or Non-current
- AASB 2021-2 Amendments to Australian Accounting Standards -Disclosure of Accounting Policies or Definition of Accounting Estimates

This standard will result in a terminology change for significant accounting policies

- AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply
- AASB 2022-5 Amendments to Australian Accounting Standards -Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
- AASB 2022-10 Amendments to Australian Accounting Standards -Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 1. Basis of preparation (continued)

Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

Judgements and estimates

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2023

Note 2. Revenue and expenses

(a) Revenue

Contracts with customers

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

Revenue category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/refunds/warranties	Timing of revenue recognition
Grants, subsidies or contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time /Single point in time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment and issue of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
Fees and charges - sale of stock	Kiosk and visitor centre stock	Single point in time	Payment in full at point of sale	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

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

Notes to the Financial Statements

for the year ended 30 June 2023

Note 2. Revenue and expenses (continued)

(a) Revenue (continued)

Revenue Recognition

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

Nature	Contracts with customers	Capital grant/ contributions	Statutory Requirements	Other	Total
For the year ended 30 June 2023					
Rates	–	–	50,145,028	–	50,145,028
Grants, subsidies and contributions	14,093,880	–	–	–	14,093,880
Fees and charges	23,579,017	–	757,492	–	24,336,509
Interest revenue	–	–	–	2,692,693	2,692,693
Other revenue	–	–	–	1,096,838	1,096,838
Capital grants, subsidies and contributions	–	9,956,734	–	175,750	10,132,484
Total	37,672,897	9,956,734	50,902,520	3,965,281	102,497,432
For the year ended 30 June 2022					
Rates	–	–	47,900,551	–	47,900,551
Grants, subsidies and contributions	13,372,243	–	–	–	13,372,243
Fees and charges	22,590,633	–	626,673	–	23,217,306
Interest revenue	–	–	–	849,658	849,658
Other revenue	–	–	–	384,517	384,517
Capital grants, subsidies and contributions	–	7,652,178	–	–	7,652,178
Total	35,962,876	7,652,178	48,527,224	1,234,175	93,376,453
				2023	2022
				Actual	Actual
				\$	\$

Interest revenue

Interest on reserve account funds	1,127,046	226,939
Investments - other funds	1,137,621	209,137
Rate overdue interest	311,399	315,999
Rate instalment interest	100,993	90,689
Pensioner Deferred Interest	13,129	6,786
Other interest revenue	2,505	108
Total interest earnings	2,692,693	849,658

Notes to the Financial Statements

for the year ended 30 June 2023

Note 2. Revenue and expenses (continued)

(a) Revenue (continued)

	2023 Actual \$	2022 Actual \$
Other revenue		
(iv) Other revenue		
Other revenue	1,096,838	384,517
	<u>1,096,838</u>	<u>384,517</u>

(b) Expenses

Employee costs

	2023 Actual \$	2022 Actual \$
Wages and salaries	20,143,774	19,254,156
Employee leave entitlements	5,265,487	5,402,114
Superannuation	3,604,627	3,554,711
Workers' compensation insurance	322,668	316,054
Protective clothing and uniforms	63,402	75,769
Recruitment costs	125,875	77,254
Training costs (other than salaries and wages)	140,750	148,955
Other employee costs	87,190	84,661
Total employee costs	<u>29,753,773</u>	<u>28,913,674</u>

Materials and contracts

Auditors remuneration

- Audit of the annual financial report	81,000	53,500
- Other services	14,050	15,883

Other

Materials and contracts	22,569,286	20,403,152
Other	22,757	-
Total	<u>22,687,093</u>	<u>20,472,535</u>

Utility charges

Other	2,818,619	2,941,667
Total	<u>2,818,619</u>	<u>2,941,667</u>

Notes to the Financial Statements

for the year ended 30 June 2023

Note 2. Revenue and expenses (continued)

(b) Expenses (continued)

	Note	2023 Actual \$	2022 Actual \$
Finance costs			
Borrowings	32a	778,064	946,668
Leases	32d	4,970	7,760
Other - Meru Rehabilitation Provision		267,150	—
Total		1,050,184	954,428
Insurance			
Other		934,654	835,631
Total		934,654	835,631
Other expenditure			
Other		3,098,294	2,943,078
Total Other expenditure		3,098,294	2,943,078
Other "Non Operating" result items			
Fair value adjustments to financial assets at fair value through profit or loss			
The revenue relates to the increase in the fair value of the Council's investments.		16,586	17,986
		16,586	17,986

Notes to the Financial Statements

for the year ended 30 June 2023

Note 3. Cash and cash equivalents

	Note	2023 \$	2022 \$
Cash - Unrestricted		9,886,853	2,770,274
Cash - Restricted		8,331,832	11,428,737
Total cash and cash equivalents	20	18,218,685	14,199,011

SIGNIFICANT ACCOUNTING POLICIES**Cash and cash equivalents**

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

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interests. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

Note 4. Other financial assets

	Note	2023 \$	2022 \$
(a) Current assets			
Financial assets at amortised cost		38,707,974	38,521,715
Financial assets previously classified as loans and receivables		11,959	11,546
Total current financial assets		38,719,933	38,533,261
Financial assets at amortised cost			
Term deposits		38,576,435	38,400,345
Self supporting loans		123,059	121,370
Other long term financial assets		8,480	–
		38,707,974	38,521,715
Financial assets previously classified as loans and receivables			
Mortgage backed securities		11,959	11,546
		11,959	11,546
Held as			
- Unrestricted other financial assets at amortised cost		5,116,688	7,682,906
- Restricted other financial assets at amortised cost	20a	33,603,245	30,850,355
Total		38,719,933	38,533,261

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2023

Note 4. Other financial assets (continued)

	2023	2022
	\$	\$
(b) Non current assets		
Financial assets at fair value through profit or loss	366,703	350,117
Financial assets at amortised cost	11,184,393	6,220,048
Financial assets previously classified as loans and receivables	10,138	22,292
Total non-current financial assets	11,561,234	6,592,457
Financial assets at fair value through profit or loss		
Units in Local Government House Trust	366,703	350,117
	366,703	350,117
Financial assets at amortised cost		
Self supporting loans receivable	646,989	770,048
Other long term financial assets	10,537,404	5,450,000
	11,184,393	6,220,048
Financial assets previously classified as loans and receivables		
Mortgage backed securities	10,138	22,292
	10,138	22,292

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 32(a) as self supporting loans. Fair value of financial assets at fair value through profit and loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

SIGNIFICANT ACCOUNTING POLICIES**Other financial assets at amortised cost**

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at a mortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierachy (see Note 28 (i)) due to the observable market rates.

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

Financial assets at fair value through profit or loss

The City has elected to classify the following financial assets at fair value through profit or loss:

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 26.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 5. Trade and other receivables

	2023 \$	2022 \$
Current		
Rates and statutory receivables	4,219,816	4,156,686
Sundry Debtors	1,388,422	1,655,981
GST receivable	442,333	393,204
Accrued Income	1,247,773	167,942
Prepayments	1,291,482	638,667
Less: provision for expected credit loss	(142,193)	(145,515)
	8,447,633	6,866,965
Non-current		
Pensioner's rates and ESL deferred	600,600	611,641
	600,600	611,641

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 provision for expected credit loss 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.

SIGNIFICANT ACCOUNTING POLICIES**Rates and statutory receivables**

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade and other receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations as part of the ordinary course of business.

Other Receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers including grants for the construction of recognisable non financial assets.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

Classification and subsequent measurement

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

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

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

Impairment and risk exposure

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

Notes to the Financial Statements

for the year ended 30 June 2023

Note 6. Inventories

	2023	2022
	\$	\$
Current		
Fuel and materials	366,315	363,623
Resaleable Merchandise	78,533	43,557
Total current inventories	<u>444,848</u>	<u>407,180</u>

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Note 7. Assets Classified as Held for Sale

	2023	2022
	\$	\$
Non-current assets held for sale - current		
Land	–	7,446,159
Total Non-current assets held for sale - current	<u>–</u>	<u>7,446,159</u>

SIGNIFICANT ACCOUNTING POLICIES

Non-current assets held for sale

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

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

The fair value of land and buildings was determined using the sales comparison approach using comparable properties in the area. This is a level 2 measurement as per the fair value hierarchy set out in Note 28(i).

Notes to the Financial Statements

for the year ended 30 June 2023

Note 8. Property, plant and equipment

(a) Movements in balances

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

Note	Land \$	Buildings \$	Total land and buildings \$	Furniture and equipment \$	Plant and equipment \$	Work in progress \$	Artwork \$	Total property, plant and equipment \$
Balance at 1 July 2021	59,875,000	104,079,999	163,954,999	1,400,962	9,057,635	–	813,609	175,227,205
Additions - Renewal *	–	1,734,024	1,734,024	848,731	986,712	–	51,520	3,620,987
Additions - New	296,867	450,808	747,675	94,420	134,512	–	–	976,607
Disposals	(2,529,708)	(911,402)	(3,441,110)	(82,853)	(60,687)	–	(106,663)	(3,691,313)
Revaluation decrements transferred to revaluation surplus	19	–	(126,476)	–	–	–	–	(126,476)
Depreciation	10a	–	(2,151,408)	(462,613)	(1,103,069)	–	–	(3,717,090)
Depreciation on Disposal	–	11,785	11,785	82,852	31,298	–	–	125,935
Reclassifications between Asset Classes	(7,446,159)	–	(7,446,159)	–	–	–	–	(7,446,159)
Balance at 30 June 2022	50,196,000	103,087,330	153,283,330	1,881,499	9,046,401	–	758,466	164,969,696
Comprises:								
Gross balance amount at 30 June 2022	50,196,000	105,327,206	155,523,206	2,951,875	17,514,115	–	758,466	176,747,662
Accumulated depreciation at 30 June 2022	–	(2,139,625)	(2,139,625)	(1,070,376)	(8,467,714)	–	–	(11,677,715)
Accumulated impairment loss at 30 June 2022	–	(100,251)	(100,251)	–	–	–	–	(100,251)
Balance at 30 June 2022	50,196,000	103,087,330	153,283,330	1,881,499	9,046,401	–	758,466	164,969,696
Balance at 1 July 2022	50,196,000	102,467,120	152,663,120	1,881,499	9,046,403	620,208	758,466	164,969,696
Additions - Renewal *	–	876,365	876,365	–	1,927,867	–	–	2,804,232
Additions - New	512,715	343,060	855,775	464,407	–	456,379	77,709	1,854,270
Disposals	(393,366)	(668,753)	(1,062,119)	–	(576,007)	–	–	(1,638,126)
Revaluation increments transferred to revaluation surplus	19	9,067,772	23,544,021	–	–	–	–	23,544,021
Depreciation	10a	–	(2,169,125)	(542,893)	(1,031,537)	–	–	(3,743,555)
Depreciation on Disposal	–	147,995	147,995	–	392,618	–	–	540,613
Reclassifications between Asset Classes	7,446,159	520,355	7,966,514	–	–	(520,355)	–	7,446,159
Balance at 30 June 2023	66,829,280	115,993,266	182,822,546	1,803,013	9,759,344	556,232	836,175	195,777,310

Notes to the Financial Statements
for the year ended 30 June 2023

Note 8. Property, plant and equipment (continued)

	Land \$	Buildings \$	Total land and buildings \$	Furniture and equipment \$	Plant and equipment \$	Work in progress \$	Artwork \$	Total property, plant and equipment \$
Comprises:								
Gross balance amount at 30 June 2023	66,829,280	115,993,266	182,822,546	3,416,282	18,865,975	556,232	836,175	206,497,210
Accumulated depreciation at 30 June 2023	–	–	–	(1,613,269)	(9,106,631)	–	–	(10,719,900)
Balance at 30 June 2023	66,829,280	115,993,266	182,822,546	1,803,013	9,759,344	556,232	836,175	195,777,310

(*)

Notes to the Financial Statements

for the year ended 30 June 2023

Note 8. Property, plant and equipment (continued)

(b) Carrying value measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair value - Land and buildings					
Land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology.	Independent registered valuer	June 2023	Price per hectare / market borrowing rate.
Buildings - specialised	3	Cost approach using current replacement cost.	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs.
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology.	Independent registered valuer	June 2023	Price per hectare / market borrowing rate.

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

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

Asset class	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(ii) Cost				
Furniture and equipment	Cost	Cost	June 2019	Purchase cost
Plant and equipment	Cost	Cost	June 2016	Purchase cost
Artwork	Cost	Cost	May 2019	Purchase cost

Notes to the Financial Statements

for the year ended 30 June 2023

Note 9. Infrastructure

(a) Movements in balances

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

Note	Infrastructure roads \$	Infrastructure Lighting \$	Recreation \$	Car Parks \$	Meru Landfill \$	Airport \$	Effluent Scheme \$	Work in progress \$	Total infrastructure \$	
Balance as at 1 July 2021	578,907,325	–	51,131,940	10,546,857	16,982,410	25,060,905	543,938	–	683,173,375	
Additions - Renewal	11,336,172	–	7,176,986	3,900	85,000	157,431	4,321	–	18,763,810	
Additions - New	2,950,132	–	1,818,485	104,624	288,918	17,125	–	–	5,179,284	
(Disposals)	–	–	(1,685,034)	–	–	–	–	–	(1,685,034)	
Depreciation	(16,744,311)	–	(2,025,363)	(497,851)	(913,489)	(1,127,270)	(18,718)	–	(21,327,002)	
Meru capping provision	–	–	–	–	524,120	–	–	–	524,120	
Depreciation on Disposal	–	–	165,315	–	–	–	–	–	165,315	
Other Movements	–	–	–	–	–	–	–	–	–	
Balance at 30 June 2022	576,449,318	–	56,582,329	10,157,530	16,966,959	24,108,191	529,541	–	684,793,868	
Comprises:										
Gross balance amount at 30 June 2022	641,432,318	–	63,934,984	12,065,223	19,978,141	26,346,079	601,615	–	764,358,360	
Accumulated depreciation at 30 June 2022	(64,983,000)	–	(7,352,655)	(1,907,693)	(3,011,182)	(2,237,888)	(72,074)	–	(79,564,492)	
Balance at 30 June 2022	576,449,318	–	56,582,329	10,157,530	16,966,959	24,108,191	529,541	–	684,793,868	
Balance as at 1 July 2022	576,449,318	–	56,582,329	10,157,530	16,966,959	24,108,191	529,541	–	684,793,868	
Additions - Renewal	12,281,964	321,885	3,913,795	6,373	132,310	76,730	–	–	16,733,057	
Additions - New	2,620,018	–	2,932,157	708,078	1,168,742	9,543	–	–	7,438,538	
(Disposals)	–	–	–	–	–	–	–	–	–	
Revaluation increments transferred to revaluation surplus	19	–	3,790,470	10,396,096	8,146,127	1,242,422	1,003,336	87,289	–	24,665,740
Revaluation decrements transferred to revaluation surplus	19	(16,133,160)	–	–	–	–	–	–	–	(16,133,160)
Depreciation	(17,135,291)	(1,855)	(2,179,244)	(503,544)	(1,085,835)	(1,134,868)	(18,830)	–	(22,059,467)	
Meru capping provision	–	–	–	–	3,332,815	–	–	–	3,332,815	
Depreciation on Disposal	–	–	–	–	–	–	–	–	–	

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Notes to the Financial Statements
for the year ended 30 June 2023

Note 9. Infrastructure (continued)

Other Movements	-	-	(7,709,983)	-	(1,158,600)	-	-	8,868,583	-
Balance at 30 June 2023	558,082,849	4,110,500	63,935,150	18,514,564	20,598,813	24,062,932	598,000	8,868,583	698,771,391
Comprises:									
Gross balance amount at 30 June 2023	558,082,849	4,110,500	63,935,150	18,514,564	21,871,888	27,434,699	598,000	8,868,583	703,416,233
Accumulated depreciation at 30 June 2023	-	-	-	-	(1,273,075)	(3,371,767)	-	-	(4,644,842)
Balance at 30 June 2023	558,082,849	4,110,500	63,935,150	18,514,564	20,598,813	24,062,932	598,000	8,868,583	698,771,391

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Notes to the Financial Statements

for the year ended 30 June 2023

Note 9. Infrastructure (continued)

(b) Carrying value measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair value					
Roads	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Recreation	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Car Parks	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Meru Landfill	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Airport	3	Cost approach using current replacement cost	Independent registered valuer	June 2020	Construction costs and current condition, residual values and remaining useful life assessments inputs
Effluent Scheme	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs

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

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

Notes to the Financial Statements

for the year ended 30 June 2023

Note 10. Fixed assets

	Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
(a) Depreciation				
Buildings	8a	2,169,125	2,162,268	2,151,408
Furniture and equipment	8a	542,893	501,924	462,613
Plant and equipment	8a	1,031,537	1,205,102	1,103,069
Infrastructure - roads	9a	17,135,291	16,862,023	16,744,311
Infrastructure - Lighting	9a	1,855	–	–
Infrastructure - Recreation	9a	2,179,244	2,044,381	2,025,363
Infrastructure - Car Parks	9a	503,544	498,368	497,851
Infrastructure - Meru Landfill	9a	1,085,835	919,535	913,489
Infrastructure - Airport	9a	1,134,868	1,143,622	1,127,270
Infrastructure - Effluent Scheme	9a	18,830	18,695	18,718
Right of Use Assets - Furniture & Equipment	11a	43,040	43,040	43,040
Total depreciation		25,846,062	25,398,958	25,087,132

Depreciation of Non-Current Assets

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

Asset Class	Years
Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Infrastructure - Roads	20 to 80 years
Infrastructure - Recreation (Parks)	10 to 60 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	20 years
Infrastructure - Drainage	80 years
Right of use - Furniture and Equipment	Based on the remaining lease

Notes to the Financial Statements
for the year ended 30 June 2023

Note 10. Fixed assets (continued)

(b) Disposal of assets

The following assets were disposed of during the year.

	Note	Net book value			Sales price			Profit			(Loss)		
		2023 Actual \$	2023 Budget \$	2022 Actual \$									
By asset class													
<i>Property, plant and equipment</i>													
	8a												
Land		393,366	–	2,529,708	360,000	–	1,997,568	–	–	–	(33,366)	–	(532,141)
Buildings		668,753	–	899,618	–	–	351,000	–	–	–	(520,758)	–	(548,618)
Plant and equipment		576,007	719,745	29,388	278,773	905,500	40,078	98,618	239,320	144,590	(3,234)	(53,565)	–
Artwork		–	–	106,663	–	–	–	–	–	–	–	–	(106,663)
<i>Infrastructure</i>													
	9a												
Recreation		–	–	1,519,719	–	–	–	–	–	–	–	–	(1,653,619)
Total by asset class		1,638,126	719,745	5,085,096	638,773	905,500	2,388,646	98,618	239,320	144,590	(557,358)	(53,565)	(2,841,041)

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2023

Note 10. Fixed assets (continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

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

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

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

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

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the City's revaluation policy, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next revaluation date consistent with *Financial Management Regulation 17A(4)*.

Revaluation

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

At the end of each period, the carrying amount for each asset class is reviewed and, where appropriate, the fair value is updated to reflect current market conditions consistent with *Financial Management Regulation 17A(2)* which requires

land, buildings infrastructure, investment properties and vested improvements to be shown at fair value.

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

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

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

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

Depreciation on revaluation

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

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

Amortisation

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

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

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

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2023

Note 10. Fixed assets (continued)

Impairment

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 or losses on disposal

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

Note 11. Leases

Council as a lessee

Council has a lease in place over 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. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

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

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.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 11. Leases (continued)

(a) Right of use assets

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

	Note	Printers \$	Total \$
2022			
Balance at 1 July 2021		139,969	139,969
Depreciation	10a	(43,040)	(43,040)
Balance at 30 June 2022		96,929	96,929
2023			
Balance at 1 July 2022		96,929	96,929
Depreciation	10a	(43,040)	(43,040)
Balance at 30 June 2023		53,889	53,889

Amounts included in the statement of comprehensive income related to leases

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

	Note	2023 Actual \$	2022 Actual \$
Expenses			
Depreciation on right-of-use assets	10a	43,040	43,040
Finance charge on lease liabilities	32d	4,969	7,650
Total amount recognised in the statement of comprehensive income		48,009	50,690
Total cash outflow from leases		4,969	7,650

	Note	2023 Actual \$	2022 Actual \$

(b) Lease liabilities

Current		47,974	45,124
Non-current		8,285	56,259
Total lease liabilities	32d	56,259	101,383

Disclosure

The City has a lease relating to printing equipment. The term for the lease is 5 years. The lease has fixed monthly lease payments. The measurement of lease liabilities does not include variable lease payments and any future cash outflows associated with leases not yet commenced to which the City is committed.

Secured liabilities and assets pledged as security

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

Notes to the Financial Statements

for the year ended 30 June 2023

Note 11. Leases (continued)

SIGNIFICANT ACCOUNTING POLICIES**Leases**

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

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

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

Details of individual borrowings required by regulations are provided at Note 32

Right-of-use assets - valuation

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

Refer to Note 10 for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

Note 12. Intangible assets

Laneway Easement

	2023 Actual \$	2022 Actual \$
Non-current		
Gross book value	159,460	159,460
Total Laneway Easement – net book value	159,460	159,460
Movements in balances of intangible asset during the financial year are shown as follows:		
Balance at 1 July	159,460	159,460
Amortisation	–	–
Balance at 30 June	159,460	159,460
TOTAL INTANGIBLE ASSETS	159,460	159,460

SIGNIFICANT ACCOUNTING POLICIES**Laneway Easement**

The Laneway Easement is not amortised as it is considered to have an indefinite useful life.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 13. Investment properties

Council has not classified any Land or Buildings as "Investment Properties".

Note 14. Trade and other payables

	2023	2022
	\$	\$
Current		
Sundry creditors	11,121,468	10,014,989
Accrued interest on debentures	90,646	113,660
Accrued Expenses	1,274,988	863,324
Accrued Salaries and Wages	1,207,053	942,965
Unexpended Non-Operating Grants (WATC)	3,081,831	3,002,647
Total current trade and other payables	16,775,986	14,937,585

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Trade and other payables

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

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

Prepaid rates

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

Notes to the Financial Statements

for the year ended 30 June 2023

Note 15. Other liabilities

	2023 \$	2022 \$
(a) Other liabilities		
Current		
Deposits received in advance of services provided	2,650,060	1,808,316
Total other liabilities	2,650,060	1,808,316

SIGNIFICANT ACCOUNTING POLICIES**Contract Liabilities**

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

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

Capital grant/contribution liabilities

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

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 28(i)) due to the unobservable inputs, including own credit risk.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2023

Note 16. Borrowings

	Note	2023			2022		
		Current \$	Non-current \$	Total \$	Current \$	Non-current \$	Total \$
Unsecured							
Loans	32a	3,696,812	16,463,815	20,160,627	4,275,466	20,160,636	24,436,102
Total unsecured borrowings	32a	3,696,812	16,463,815	20,160,627	4,275,466	20,160,636	24,436,102

Unsecured liabilities

All the City's borrowings are from the Western Australian Treasury Corporation (WATC) and are unsecured.

SIGNIFICANT ACCOUNTING POLICIES**Borrowing costs**

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

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

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 28(i)) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 26.

Details of individual borrowings required by regulations are provided at Note 32(a).

Notes to the Financial Statements

for the year ended 30 June 2023

Note 17. Employee related provisions

	2023	2022
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	2,362,130	2,077,822
Long service leave	3,098,121	2,752,516
Sick Leave	307,899	341,219
Accrued RDO	38,408	35,711
Pandemic Leave	–	376,201
Total current employee related provisions	<u>5,806,558</u>	<u>5,583,469</u>
Non-current provisions		
Long service leave	314,866	331,526
Total non-current employee related provisions	<u>314,866</u>	<u>331,526</u>
Total employee related provisions	<u>6,121,424</u>	<u>5,914,995</u>

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

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

Note 18. Other provisions

	Infrastructure Meru - Rehabilitation	Total
Opening balance at 1 July 2022		
Non-current provisions	9,679,368	9,679,368
	<u>9,679,368</u>	<u>9,679,368</u>
Additional provision	3,599,966	3,599,966
Balance at 30 June 2023	<u>13,279,334</u>	<u>13,279,334</u>
Comprises		
Non-current	13,279,334	13,279,334
	<u>13,279,334</u>	<u>13,279,334</u>

Other provisions

Amounts which are reliably expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on factors beyond the control of the local government.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 19. Revaluation surplus

	2023	2023	2023	Total	2023	2022	2022	2022	Total	2022
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Movement on Revaluation	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Movement on Revaluation	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	22,371,179	9,067,772	–	9,067,772	31,438,951	22,371,179	–	–	–	22,371,179
Buildings - non-specialised	48,187,256	14,476,249	–	14,476,249	62,663,505	48,313,732	–	(126,476)	(126,476)	48,187,256
Plant and equipment	1,601,370	–	–	–	1,601,370	1,601,370	–	–	–	1,601,370
Artwork	100,239	–	–	–	100,239	100,239	–	–	–	100,239
Infrastructure - roads	397,344,499	–	(16,133,160)	(16,133,160)	381,211,339	397,344,499	–	–	–	397,344,499
Infrastructure - other	–	3,790,470	–	3,790,470	3,790,470	–	–	–	–	–
Recreation	–	10,396,096	–	10,396,096	10,396,096	–	–	–	–	–
Car Parks	10,899,812	8,146,127	–	8,146,127	19,045,939	10,899,811	–	–	–	10,899,811
Meru Landfill	1,458,254	1,242,422	–	1,242,422	2,700,676	1,458,254	–	–	–	1,458,254
Airport	–	1,003,336	–	1,003,336	1,003,336	–	–	–	–	–
Effluent Scheme	298,110	87,289	–	87,289	385,399	298,110	–	–	–	298,110
	482,260,719	48,209,761	(16,133,160)	32,076,601	514,337,320	482,387,194	–	(126,476)	(126,476)	482,260,718

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

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

Notes to the Financial Statements

for the year ended 30 June 2023

Note 20. Notes to the statement of cash flows

(a) Reconciliation of cash

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:

	Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
Cash and cash equivalents	3	<u>18,218,685</u>	<u>23,005,031</u>	<u>14,199,011</u>

Restrictions

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

- Cash and cash equivalents	3	21,234,414	9,638,078	11,428,727
- Financial assets at amortised cost	4	33,603,245	25,609,515	30,850,355
		<u>54,837,659</u>	<u>35,247,593</u>	<u>42,279,082</u>

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

Restricted reserve accounts	33	51,755,828	32,244,393	39,276,435
Unspent grants		3,081,831	3,003,200	3,002,647
Total restricted assets		<u>54,837,659</u>	<u>35,247,593</u>	<u>42,279,082</u>

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

Net result		15,866,599	11,078,555	8,549,843
Non-cash items:				
Depreciation/amortisation		25,846,062	25,398,958	25,087,132
Adjustments to fair value of financial assets at fair value through profit or loss		(16,586)	–	(17,986)
(Profit)/loss on sale of asset		458,740	(185,755)	2,696,451
Other Non Cash Movements		–	–	(506,203)
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		(1,569,627)	(393,168)	415,248
(Increase)/decrease in other assets		–	–	(253,433)
(Increase)/decrease in inventories		(37,668)	(42,417)	(43,369)
(Increase)/decrease in contract assets		(2,030,785)	13,000	–
Increase/(decrease) in trade and other payables		1,861,415	1,052,362	849,995
Increase/(decrease) in accrued interest payable		(23,014)	–	(22,226)
Increase/(decrease) in employee related provisions		206,429	6,594	199,251
Increase/(decrease) in other provisions		267,151	–	907,764
Increase/(decrease) in other liabilities		841,744	340,021	660,989
Capital grants, subsidies and contributions		(10,132,484)	(12,792,443)	(7,652,178)
Net cash provided by/(used in) operating activities		<u>31,537,976</u>	<u>24,475,707</u>	<u>30,871,278</u>

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2023

Note 20. Notes to the statement of cash flows (continued)

	2023 Actual \$	2022 Actual \$
(c) Undrawn borrowing facilities credit standby arrangements		
Credit card limit	115,000	115,000
Total amount of credit unused	<u>115,000</u>	<u>115,000</u>

Security

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

	Note	2023 \$	2022 \$
Loan facilities			
Loan facilities - current	16	3,696,812	4,275,467
Loan facilities - non-current	16	16,463,814	20,160,635
Total facilities in use at balance date		<u>20,160,626</u>	<u>24,436,102</u>

Note 21. Contingent liabilities

1) The City of Greater 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.

Note 22. Capital commitments

	2023 \$	2022 \$
(a) Capital expenditure commitments		
Contracted for:		
- capital expenditure projects	12,388,014	2,082,941
- plant & equipment purchases	–	518,562
Total capital expenditure commitments	<u>12,388,014</u>	<u>2,601,503</u>
Payable:		
- not later than one year	12,388,014	2,601,503
Total capital expenditure commitments	<u>12,388,014</u>	<u>2,601,503</u>

The capital expenditure projects outstanding at the end of the current reporting period represent the construction of various City infrastructure assets.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 23. Related party transactions

	2023 Actual \$	2023 Budget \$	2022 Actual \$
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(a) Elected Member Remuneration

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

Mayor's annual allowance	85,800	85,800	78,000
Deputy Mayor's annual allowance	21,450	21,450	19,500
Meeting attendance fees	405,873	405,874	348,194
Annual allowance for ICT expenses	–	–	43,581
Travel and accommodation expenses	6,484	17,500	8,120
Conference & Training Expenses	6,319	30,000	27,455
Total	525,926	560,624	524,850

	2023 Actual \$	2022 Actual \$
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(b) Key management personnel

Key Management Personnel (KMP) Compensation Disclosure

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

Short-term employee benefits	1,831,062	1,834,194
Post-employment benefits	149,081	147,954
Employee - other long-term benefits	33,674	28,914
Total	2,013,817	2,011,062

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 council 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.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2023

Note 23. Related party transactions (continued)

	2023 Actual \$	2022 Actual \$
(c) Transactions with related parties		
Transactions between related parties and the City are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.		
(i) In addition to KMP compensation above, the following transactions occurred with related parties:		
Sale of goods and services	6,120	6,374
Purchase of goods and services	156,503	33,055
	162,623	39,429
(ii) Amounts outstanding from related parties:		
Trade and other receivables	338	1,964
(iii) Amounts payable to related parties:		
Trade and other payables	23,183	633

(iv) Related parties

The City's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 23(a) and 23(b).

ii. Entities subject to significant influence by the City

There were no such entities requiring disclosure during the current or previous year.

Note 24. Joint arrangements

Council has no interest in any Joint Arrangements.

Note 25. Investment in associates

Council has no interest in any Associated Entities.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2023

Note 26. Financial risk management

Financial risk management

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted average interest rate %	Carrying amounts \$	Fixed interest rate \$	Variable interest rate \$	Non interest bearing \$
2023					
Cash and cash equivalents	3.07%	18,218,685	–	18,218,685	–
Financial assets at amortised cost - term deposits	4.34%	38,576,435	38,576,435	–	–
2022					
Cash and cash equivalents	0.29%	14,199,011	–	14,199,011	–
Financial assets at amortised cost - term deposits	1.68%	38,400,345	38,400,345	–	–

Notes to the Financial Statements

for the year ended 30 June 2023

Note 26. Financial risk management (continued)

Sensitivity

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

	2023 \$	2022 \$
Impact of a 1% movement in interest rates on profit or loss and equity *	182,186	141,990

(*) Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The City does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 32(a).

(b) Credit risk**Trade and Other Receivables**

The City's major trade and other receivables comprise contractual non-statutory user fees and charges, grants, contributions and reimbursements. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The City manages this risk by monitoring outstanding debt and employing debt recovery policies.

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

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

The expected loss rates are based on the payment profiles of trade and other receivables over a period of 36 months before 1 July 2022 or 1 July 2023 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of users to settle the receivables.

The loss allowance as at 30 June 2023 and 30 June 2022 was determined as follows for trade and other receivables.

	Current \$	More than 30 days past due \$	More than 60 days past due \$	More than 90 days past due \$	Total \$
30 June 2023					
Trade receivables					
Expected credit loss	75.00%	12.00%	1.00%	12.00%	
Gross carrying amount	1,062,312	157,030	20,782	169,816	1,409,940
Loss allowance	9,143	1,352	179	1,462	12,136
30 June 2022					
Trade receivables					
Expected credit loss	79.00%	5.00%	2.00%	14.00%	
Gross carrying amount	1,315,777	79,745	25,695	237,965	1,659,182
Loss allowance	9,753	591	190	1,764	12,298

Notes to the Financial Statements

for the year ended 30 June 2023

Note 26. Financial risk management (continued)

Contract Assets

The City's contract assets represent work completed, which have not been invoiced at year end. This is due to the City not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The City applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The City has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

(c) Liquidity risk

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

Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 20(c).

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2023					
Trade and other payables	14,285,308	–	–	14,285,308	14,285,308
Borrowings	3,696,812	11,376,104	5,087,711	20,160,627	20,160,627
Lease liabilities	47,974	8,285	–	56,259	56,259
	<u>18,030,094</u>	<u>11,384,389</u>	<u>5,087,711</u>	<u>34,502,194</u>	<u>37,152,254</u>
2022					
Trade and other payables	14,937,585	–	–	14,937,585	14,937,585
Borrowings	4,275,467	13,356,034	6,804,601	24,436,102	24,436,102
Lease liabilities	45,124	56,259	–	101,383	101,383
	<u>19,258,176</u>	<u>13,412,293</u>	<u>6,804,601</u>	<u>39,475,070</u>	<u>39,475,070</u>

Notes to the Financial Statements

for the year ended 30 June 2023

Note 27. Events occurring after the end of the reporting period

Council has adopted the date of receipt of the Auditors' Report as the appropriate "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 Date represent one of two types:

(i) Events that have provided evidence of conditions that existed at the reporting date

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2023.

(ii) Events that have provided evidence of conditions that arose after the reporting date

These financial statements (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2023 and which are only indicative of conditions that arose after 30 June 2023.

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City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2023

Note 28. Other significant accounting policies

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2023

Note 28. Other significant accounting policies (continued)

or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2023

Note 29. Function and activity

(a) Statement of objectives

City operations as disclosed in these financial statements encompass the following service orientated functions and activities.

NAME AND OBJECTIVES**DESCRIPTION****GOVERNANCE**

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

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

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

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

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

HEALTH

To provide an operational framework for environmental and community health.

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

EDUCATION AND WELFARE

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

Maintenance of senior citizen centre and the provision of youth services.

COMMUNITY AMENITIES

To provide services required by the community.

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, cemetery and public conveniences.

RECREATION AND CULTURE

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

Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library and other cultural facilities.

TRANSPORT

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

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc. Provision of airport facilities.

ECONOMIC SERVICES

To help promote the local government and its economic wellbeing.

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

OTHER PROPERTY AND SERVICES

To monitor and control operating accounts.

Private works operation, plant repair and costs.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 29. Function and activity (continued)

(b) Income and expenses

	2023 Actual \$	2023 Budget \$	2022 Actual \$
Income excluding grants, subsidies and contributions			
Governance	110,202	39,650	39,695
General purpose funding	53,105,971	51,612,385	49,063,750
Law, order, public safety	355,435	325,000	309,213
Health	80,832	80,000	88,536
Education and welfare	44,536	30,000	49,023
Community amenities	15,056,919	13,932,164	15,395,871
Recreation and culture	1,929,108	2,639,267	1,331,249
Transport	4,824,241	5,488,700	4,085,042
Economic services	1,022,850	907,000	928,386
Other property and services	1,242,526	1,371,885	1,223,843
	<u>77,772,620</u>	<u>76,426,051</u>	<u>72,514,608</u>
Grants, subsidies and contributions			
Governance	45,546	107,647	116,248
General purpose funding	10,416,701	6,506,610	8,203,427
Law, order, public safety	1,526,782	1,016,652	1,090,049
Education and welfare	375,095	331,975	261,129
Community amenities	314,641	284,125	437,546
Recreation and culture	1,773,316	558,900	1,328,749
Transport	9,614,410	12,366,813	9,337,354
Economic services	47,446	45,000	57,180
Other property and services	722,845	511,000	192,739
	<u>24,836,782</u>	<u>21,728,722</u>	<u>21,024,421</u>
Total income	<u>102,609,402</u>	<u>98,154,773</u>	<u>93,539,029</u>
Expenses			
Governance	(943,452)	(2,703,460)	(2,798,560)
General purpose funding	(3,335,651)	(989,293)	(1,324,439)
Law, order, public safety	(3,883,380)	(3,911,047)	(3,358,207)
Health	(825,382)	(910,076)	(779,264)
Education and welfare	(2,000,609)	(2,147,026)	(1,803,092)
Housing	(30,367)	(37,483)	(40,787)
Community amenities	(13,129,415)	(13,733,931)	(11,580,793)
Recreation and culture	(20,291,534)	(20,924,177)	(21,022,108)
Transport	(30,393,703)	(30,766,601)	(30,907,110)
Economic services	(4,234,684)	(4,791,994)	(4,307,732)
Other property and services	(7,674,626)	(6,161,130)	(7,067,094)
	<u>(86,742,803)</u>	<u>(87,076,218)</u>	<u>(84,989,186)</u>
Net result for the period	<u>15,866,599</u>	<u>11,078,555</u>	<u>8,549,843</u>

Notes to the Financial Statements

for the year ended 30 June 2023

Note 29. Function and activity (continued)

(c) Total assets

	2023 Actual \$	2022 Actual \$
Governance	449,925	746,073
General purpose funding	84,981,356	75,547,805
Law, order, public safety	771,056	599,027
Health	–	23,688
Education and welfare	–	20,540
Community amenities	155,340,018	58,267,381
Recreation and culture	10,293,852	11,409,973
Transport	549,430,521	625,869,460
Economic services	25,403	62,174
Other property and services	181,580,748	152,437,803
Total assets	982,872,879	924,983,924

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Notes to the Financial Statements

for the year ended 30 June 2023

Note 31. Determination of surplus or deficit

	Note	30 June 2023 Carried Forward	Budget 30 June 2023 Carried Forward	30 June 2022 Carried Forward
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals		(98,618)	(239,320)	(144,590)
Less: Fair value adjustments to financial assets at fair value through profit or loss		(16,586)	(2,000)	(17,986)
Add: Loss on disposal of assets		557,358	53,565	2,841,041
Add: Depreciation	10a	25,846,062	25,398,958	25,087,132
Non-cash movements in non-current assets and liabilities:				
Pensioner deferred rates		11,041	—	34,946
Employee benefit provisions		(16,660)	390	(60,106)
Other provisions		267,151	—	—
Other Non-Cash (Revenue)/Expenditure		3,836	(37,973)	18,865
Non-cash amounts excluded from operating activities		26,553,584	25,173,620	27,759,302
(b) Non-cash amounts excluded from investing activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to investing activities				
Movement in non-current capital grant/contribution liability		—	—	—
Property, plant and equipment received for substantially less than fair value	8a	—	—	—
Infrastructure received for substantially less than fair value	9a	—	—	—
Non cash Capital grants, subsidies and contributions		—	—	—
Non-cash amounts excluded from investing activities		—	—	—
(c) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserve accounts	33	(41,305,828)	(32,244,393)	(39,276,435)
Less: Financial assets at amortised cost - self supporting loans	4a	(123,059)	(171,705)	(91,627)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	16	3,696,812	3,754,481	4,275,466
- Current portion of lease liabilities	11	47,974	47,974	—
Other - Property Loan - Bowden		(8,480)	(108,441)	—
Other - Clay Target Loan		(11,959)	—	—
Total adjustments to net current assets		(37,704,540)	(28,722,084)	(35,092,596)

Notes to the Financial Statements

for the year ended 30 June 2023

Note 31. Determination of surplus or deficit (continued)

	30 June 2023 Carried Forward	Budget 30 June 2023 Carried Forward	30 June 2022 Carried Forward
Net current assets used in the Statement of Financial Activity			
Total current assets	68,169,182	56,477,844	65,763,715
Less: Total current liabilities	(28,977,390)	(26,527,983)	(26,649,960)
Less: Total adjustments to net current assets	(37,704,540)	(28,722,084)	(35,092,596)
Surplus or deficit after imposition of general rates	<u>1,487,252</u>	<u>1,227,777</u>	<u>4,021,159</u>

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Notes to the Financial Statements

for the year ended 30 June 2023

Note 32. Borrowing and lease liabilities

(a) Borrowings

Purpose	Note	Principal at 1 July 2022	New loans During 2021-22	Principal repayments During 2021-22	Actual Principal at 30 June 2022	New loans During 2022-23	Principal repayments During 2022-23	Actual Principal at 30 June 2023	Principal at 1 July 2022	Budget		Principal at 30 June 2023
										New loans	Principal repayments	
266 Old Railway Building		356,830	–	(113,852)	242,978	–	(118,870)	124,108	242,978	–	(118,870)	124,108
281 Geraldton Hockey Association		–	600,000	(28,263)	571,737	–	(57,055)	514,682	571,737	–	(57,055)	514,682
260 Aquarena Renewal Stage 1		530,563	–	(298,771)	231,792	–	(231,792)	–	231,792	–	(231,792)	–
261 Airport Paid Parking Facilities		306,094	–	(172,368)	133,726	–	(133,726)	–	133,726	–	(133,726)	–
278 Meru Resource Recovery Facility		5,721,885	–	(660,730)	5,061,155	–	(675,613)	4,385,542	5,061,155	–	(675,614)	4,385,541
258 Airport Buffer Land		80,395	–	(80,395)	–	–	–	–	–	–	–	–
96 Geraldton Yacht Club SSL		183,044	–	(23,755)	159,289	–	(24,512)	134,777	159,289	–	(24,512)	134,777
273 Verita Road Stage 1		454,967	–	(224,714)	230,253	–	(230,253)	–	230,253	–	(230,253)	–
264 Aquarena Upgrade		692,874	–	(221,072)	471,802	–	(230,815)	240,987	471,803	–	(230,815)	240,988
262 Office Redevelopment		204,063	–	(114,912)	89,151	–	(89,151)	–	89,151	–	(89,151)	–
268 Foreshore Stabilisation & Protection		524,523	–	(125,162)	399,361	–	(129,060)	270,301	399,361	–	(129,060)	270,301
263 Recreation Ground Grandstand		433,046	–	(138,169)	294,877	–	(144,259)	150,618	294,877	–	(144,259)	150,618
269 Airport Projects		1,320,050	–	(314,992)	1,005,058	–	(324,800)	680,258	1,005,058	–	(324,800)	680,258
265 Old Works Depot		346,437	–	(110,536)	235,901	–	(115,407)	120,494	235,901	–	(115,407)	120,494
259 Verita Road		278,291	–	(278,291)	–	–	–	–	–	–	–	–
276 Animal Pound Facility		1,383,742	–	(265,898)	1,117,844	–	(271,216)	846,628	1,117,844	–	(271,216)	846,628
272 MUF, Youth Precinct, Beach Access Ramp		2,912,692	–	(251,330)	2,661,362	–	(259,462)	2,401,900	2,661,362	–	(259,462)	2,401,900
279 Wonthella Bowling club		200,000	–	(39,608)	160,392	–	(39,803)	120,589	160,392	–	(39,803)	120,589
274 Olive Street Development		2,356,207	–	(362,853)	1,993,354	–	(374,299)	1,619,055	1,993,354	–	(374,299)	1,619,055
277 Beresford Foreshore		1,512,212	–	(174,621)	1,337,591	–	(178,555)	1,159,036	1,337,590	–	(178,555)	1,159,035
275 Airport Runway Overlay		6,924,556	–	(300,035)	6,624,521	–	(308,556)	6,315,965	6,624,521	–	(308,556)	6,315,965
280 Geraldton Amateur Basketball Association		–	–	–	–	–	–	–	–	550,000	(23,785)	526,215
271 QPT Air-Conditioning Replacement		1,742,562	–	(328,604)	1,413,958	–	(338,270)	1,075,687	1,413,957	–	(338,270)	1,075,687
251 Geraldton Clay Target Club - SSL		–	–	–	–	–	–	–	–	100,000	(4,432)	95,568
Total Borrowings	16	28,465,033	600,000	(4,628,931)	24,436,102	–	(4,275,474)	20,160,627	24,436,101	650,000	(4,303,692)	20,782,409

Borrowing Finance Cost Payments

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2023

Note 32. Borrowing and lease liabilities (continued)

(a) Borrowings

Purpose	Institution	Interest Rate	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022
Purpose					
265 Old Works Depot	WATC	4.36%	(8,010)	(9,041)	(12,925)
262 Office Redevelopment	WATC	3.89%	(882)	(1,740)	(5,170)
261 Airport Paid Parking Facilities	WATC	3.89%	(1,323)	(2,609)	(7,755)
271 QPT Air-Conditioning Replacement	WATC	2.92%	(37,082)	(38,836)	(46,797)
278 Meru Resource Recovery Facility	WATC	2.24%	(107,140)	(109,608)	(122,078)
258 Airport Buffer Land	WATC	4.72%	–	–	(1,669)
279 Wonthella Bowling club	WATC	0.49%	(647)	(739)	(842)
264 Aquarena Upgrade	WATC	4.36%	(16,020)	(18,082)	(25,850)
269 Airport Projects	WATC	3.09%	(26,985)	(28,566)	(36,841)
275 Airport Runway Overlay	WATC	2.82%	(183,233)	(184,652)	(191,793)
281 Geraldton Hockey Association	WATC	1.25%	(6,722)	(6,948)	(6,004)
273 Verita Road Stage 1	WATC	2.45%	(3,749)	(4,239)	(9,300)
277 Beresford Foreshore	WATC	2.24%	(28,316)	(28,968)	(32,263)
272 MUF, Youth Precinct, Beach Access Ramp	WATC	3.21%	(81,885)	(83,364)	(90,064)
WATC Loan Guarantee Fee	WATC	0.00%	(161,969)	(171,901)	(193,580)
260 Aquarena Renewal Stage 1	WATC	3.89%	(2,294)	(4,531)	(13,442)
274 Olive Street Development	WATC	3.13%	(58,053)	(59,486)	(69,543)
268 Foreshore Stabilisation & Protection	WATC	3.09%	(10,722)	(11,351)	(14,639)
280 Geraldton Amateur Basketball Association	WATC	0.50%	–	(8,250)	–
96 Geraldton Yacht Club SSL	WATC	3.16%	(4,749)	(4,842)	(5,508)
259 Verita Road	WATC	4.72%	–	–	(5,778)
266 Old Railway Building	WATC	4.36%	(8,250)	(9,312)	(13,313)
263 Recreation Ground Grandstand	WATC	4.36%	(10,012)	(11,301)	(16,157)
276 Animal Pound Facility	WATC	1.99%	(20,022)	(20,902)	(25,357)
251 Geraldton Clay Target Club - SSL	WATC	1.25%	–	(1,250)	–
Total Finance Cost Payments			(778,065)	(820,518)	(946,668)

Notes to the Financial Statements

for the year ended 30 June 2023

Note 32. Borrowing and lease liabilities (continued)

(d) Lease liabilities

Purpose	Note	Actual						Budget				
		Principal at 1 July 2021	New leases During 2021-22	Principal repayments During 2021-22	Principal at 30 June 2022	New leases During 2022-23	Principal repayments During 2022-23	Principal at 30 June 2023	Principal at 1 July 2022	New leases During 2022-23	Principal repayments During 2022-23	Principal at 30 June 2023
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Printers		143,828	–	(42,445)	101,383	–	(45,124)	56,259	101,383	–	(45,124)	56,259
Total lease liabilities	11b	143,828	–	(42,445)	101,383	–	(45,124)	56,259	101,383	–	(45,124)	56,259

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Notes to the Financial Statements
for the year ended 30 June 2023

Note 33. Reserve accounts

	2023 Opening Balance Actual \$	2023 Transfer to Actual \$	2023 Transfer (from) Actual \$	2023 Closing Balance Actual \$	2023 Opening Balance Budget \$	2023 Transfer to Budget \$	2023 Transfer (from) Budget \$	2023 Closing Balance Budget \$	2022 Opening Balance Actual \$	2022 Transfer to Actual \$	2022 Transfer (from) Actual \$	2022 Closing Balance Actual \$
(a) Parking Land Reserve	551,759	-	-	551,759	1,301,759	-	-	1,301,759	551,759	-	-	551,759
(b) Unexpended Capital Works & Restricted Grant Reserve	10,485,880	18,872,577	(6,770,996)	22,587,461	12,085,701	-	(2,099,194)	9,986,507	11,368,128	4,599,091	(5,481,339)	10,485,880
(c) Employee Entitlements Reserve	3,100,000	-	-	3,100,000	3,100,000	-	-	3,100,000	3,100,000	-	-	3,100,000
(d) Major Initiatives Reserve	8,191,405	3,600,000	(731,655)	11,059,750	7,748,607	1,000,000	(1,333,333)	7,415,274	5,281,655	2,909,750	-	8,191,405
(e) Asset Renewal Reserve	14,721,910	1,000,000	(3,119,445)	12,602,465	9,144,354	-	(248,000)	8,896,354	11,144,354	4,300,000	(722,444)	14,721,910
(f) Point Moore Reserve	148,318	39,000	-	187,318	461,318	34,000	-	495,318	110,318	38,000	-	148,318
(g) Money In Lieu of Public Open Space	2,077,163	13,110	(423,198)	1,667,075	1,722,379	-	(673,198)	1,049,181	1,286,015	791,148	-	2,077,163
	39,276,435	23,524,687	(11,045,294)	51,755,828	35,564,118	1,034,000	(4,353,725)	32,244,393	32,842,229	12,637,989	(6,203,783)	39,276,435

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

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

Name of Reserve	Purpose of the reserve
(a) 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.
(b) 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 year.
(c) 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.
(d) 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.
(e) 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.
(f) 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.
(g) 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.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 34. Trust funds

	<u>1 July 2022</u>			<u>30 June 2023</u>
	Opening Balance \$	Amounts received \$	Amounts paid \$	Closing balance \$
Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:				
Mid West Industry Road Safety Alliance	34,061	–	(7,522)	26,539
Revegetation Contributions	134,422	11,500	–	145,922
Unclaimed Monies	7,436	–	–	7,436
	<u>175,919</u>	<u>11,500</u>	<u>(7,522)</u>	<u>179,897</u>

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Financial Report (Unaudited)
for the year ended 30 June 2023

Insert Independent Auditor's Report here

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AC133 REVIEW OF THE AUDIT COMMITTEE TERMS OF REFERENCE

AGENDA REFERENCE:	D-23-159120
AUTHOR:	M Adam, Coordinator Governance
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	GO/11/0020-002
FILE REFERENCE:	27 November 2023
ATTACHMENTS:	Yes (x1) Draft Audit Committee Terms of Reference

EXECUTIVE SUMMARY:

The purpose of this report is to provide a draft of the Audit Committee Terms of Reference 2023 to the newly elected Audit Committee, for consideration and endorsement.

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 Audit Committee Terms of Reference 2023

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The Audit Committee Terms of Reference 2023 (attachment AC133) 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 28 November 2023 (report CEO110) Council resolved as follows;

Part A.

RE-ESTABLISH the following listed Council Committees:

- b. City of Greater Geraldton Audit Committee;*

Part B

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

- a. APPOINT by Committee resolution a Council Member as Chairperson, and Council 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 2023 (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 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.

The changes are not material in nature and relate to the following:

- A change to terminology - deputy committee member, presiding member & deputy.
- Additional information relating to quorum as per act amendments.
- A reference to the council member induction manual.

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 Terms of Reference were reviewed by the Audit Committee on 6 December 2021 (report AC113).

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 r 17

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

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.
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 Audit Committee is required by Council Resolution of 28 November 2023 (Report CEO110) 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.

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City of Greater Geraldton Audit Committee

Terms of Reference

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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 committee members (council members) and a deputy committee member. All members shall have full voting rights.

3.2 Presiding member

The positions of presiding member and deputy presiding member shall be appointed by a vote of the committee following a call for nominations for the positions.

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.

However if a council member is not present at any time during a meeting of the committee, of which the council member is a member, the office held by the council member must be disregarded for the purpose of determining the quorum for the meeting at that time, if the meeting is held during a period for which the council member is entitled to parental leave under section 2.25(5B).

The quorum for the meeting cannot be less than 2.

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
Authority, composition and meetings	
Read and understand the Audit Committee Terms of Reference	
Read the Audit Committee minutes for the last year	
External reporting	
Read the prior year financial report	
Read and understand the City’s legislative compliance requirements, as reported in the Compliance Audit Return	
External Audit	
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	
Internal Audits	
Review the City’s internal audit plan	
Read and understand the City’s Audit Action list	
System of internal control and risk management	
Read and understand the City’s risk management framework, including the risk management policy and risk appetite and tolerance statements	
Compliance and Ethics	
Read and understand the processes for managing complaints and public interest disclosures	
Fraud	
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	
Related Party Transactions	
Read and understand the Related Party Transaction Policy	
Governance Framework	

Read and understand the organisational structure	
Read and understand the City's delegation register	

Further information may be found in the Induction Manual for Council Members 2023

AC134	AUDIT COMMITTEE ANNUAL REPORT TO COUNCIL
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AGENDA REFERENCE:	D-23-159122
AUTHOR:	M Adam, Coordinator Governance
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	27 November 2023
FILE REFERENCE:	GO/11/0020-002
ATTACHMENTS:	No

EXECUTIVE SUMMARY:

The purpose of this report is to seek Audit Committee endorsement of the Annual Report of activities, for the period 1 July 2022 to 30 June 2023 for submission 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 2022 to 30 June 2023
2. SUBMIT the summary of Audit Committee activities for the period 1 July 2022 to 30 June 2023 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 provisions of the City of Greater Geraldton Audit Committee Terms of Reference require the below:

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 2022 to 30 June 2023 for the purposes of providing the above-mentioned report to Council:

Audit Committee Meeting – 13 December 2022

Report Number	Title	Decision
AC121	Exit interview OAG and RSM	1. RECEIVE the Office of Auditor General overview of the audit finding for the year ended 30 June 2022 (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.
AC122	2021-22 Annual Financial Report	<ol style="list-style-type: none"> 1. RECEIVE the Annual Financial Report for the financial year ended 30 June 2022; 2. RECEIVE the Audit Report for the financial year ended 30 June 2022; 3. NOTE that the Auditor has provided an unqualified audit opinion for the Annual Financial Report year ended 30 June 2022; 4. RECOMMEND to Council the adoption of the audited Financial Report for the year ended 30 June 2022; and 5. NOTE the findings identified during the Audit and REQUEST they be listed for review until completed.
AC123	External Audit of Work Health & Safety Systems	<ol style="list-style-type: none"> 1. RECEIVE the LGIS Worksafe Plan Tier 3 Safety Audit; and 2. REQUIRE an update on the status of the City of Greater Geraldton 2023-2024 Work Health & Safety Strategy at the next Audit committee.
AC124	Risk Management Update	<ol style="list-style-type: none"> 1. NOTE the status of the City of Geraldton Geraldton's risk management profile. 2. NOTE the review of the City's Risk Management Framework & Policies; and 3. REQUIRE the CEO to report back to the Audit Committee the ongoing status of the City's risk profile.
AC125	Audit Committee Annual Report to Council	<ol style="list-style-type: none"> 1. ENDORSE the summary of the Audit Committee activities for the period 1 July 2021 to 30 June 2022; and 2. SUBMIT the summary of Audit Committee activities for the period 1 July 2021 to 30 June 2022 to Council as the Audit Committee Annual Report of Activities.
AC126	Progress Report on Management Actions from Audit Reports	<ol style="list-style-type: none"> 1. RECEIVE the Progress Reports on the current status of management actions related to internal audits.
AC127	IT Audit Reports – Progress on Actions	<ol style="list-style-type: none"> 1. NOTE the audit recommendations actioned or in-progress to uplift the City's cybersecurity and information security posture and reduce IT risk.
AC128	Council Policy 4.28 Managing Unreasonable Customer Conduct	<ol style="list-style-type: none"> 1. NOTE the information provided below in relation to Council Policy 4.28 Managing Unreasonable Customer Conduct; and 2. REQUIRE the CEO to report back annually to the Audit Committee at the

		first meeting held after the close of the relevant financial.
AC129	Fraud and Corruption Control Plan	1. ENDORSE the Fraud and Corruption Control Plan 2022.

Audit Committee Meeting –14 March 2023

Report Number	Title	Decision
AC130	Compliance Audit Return	1. REVIEW the results of the Compliance Audit Return 2022. 2. REPORT to Council the results of the Audit Committee review of the Compliance Audit Return 2022, at the Ordinary Meeting of Council on 28 March 2023.

Audit Committee Meeting – 26 April 2023

Report Number	Title	Decision
AC131	Audit Entrance Meeting with OAG and RSM	Noted. The Committee Received the Audit Planning Memorandum for the year ending 30 June 2023.

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:

Community:

The Audit Committee plays an important oversight role in enhancing the credibility and objectivity of internal and external audit functions.

Economy:

There are no adverse economic impacts.

Environment:

There are no adverse environmental impacts.

Leadership:

The Audit Committee Terms of Reference clause 5.2 requires that the Committee shall provide an annual report to the Council summarising its activities during the previous financial year.

Disclosure of Interest:

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

RELEVANT PRECEDENTS:

The Audit Committee Annual Report of activities 2021-2022 was reviewed by the Audit Committee on 13 December 2022, report AC125, and the Council on 31 January 2023, report CS012.

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:

Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.
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 primary objective of the Audit Committee is to assist the Council in fulfilling their oversight responsibilities in relation to risk management, internal control, compliance with legislative provisions, and financial and performance reporting. The Annual Report of Audit Committee activities enables Council to review the annual activities of the Committee and corresponding recommendations and is a requirement under clause 5.2 of the Audit Committee Terms of Reference.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternatives have been considered.

Audit Committee Action Items

12 December 2023

Title	Item/ References	Action	Item# Completed/ In Progress	Committee Decision
External audit of Work Health & Safety System	AC123	2. REQUIRE an update on the status of the City of Greater Geraldton 2023-2024 Work Health & Safety Strategy at the next Audit committee.	Scheduled for January 2024	
Risk management update	AC124	3. REQUIRE the CEO to report back to the Audit Committee the ongoing status of the City's risk profile	Scheduled for January 2024	
Progress report on management actions from audit reports	AC126	Provide progress report	Scheduled for January 2024	
Council Policy 4.28 Managing Unreasonable Customer Conduct	AC128	1. REQUIRE the CEO to report back annually to the Audit Committee at the first meeting held after the close of the relevant financial (year)	Scheduled for January 2024	
Standing Item Fraud and Corruption Control Plan –		Provide update	Scheduled for January 2024	

- 7 FRAUD CONTROL – STANDING ITEM**
Nil
- 8 GENERAL BUSINESS LATE ITEM**
- 9 MEETING CLOSURE**