



CITY OF VINCENT

2021/22 ANNUAL BUDGET

Adopted 22 June 2021 | Ordinary Council Meeting

CITY OF VINCENT
BUDGET
FOR THE YEAR ENDED 30 JUNE 2022

LOCAL GOVERNMENT ACT 1995

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CITY'S VISION

To be a clever, creative and courageous local government.

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

	NOTE	2021/22 Budget	2020/21 Actual	2020/21 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	36,745,248	35,820,463	35,664,317
Operating grants, subsidies and contributions	10(a)	810,383	672,147	794,656
Fees and charges	9	18,429,368	16,803,531	10,094,536
Interest earnings	12(a)	503,000	462,877	663,205
Other revenue	12(b)	1,133,174	1,787,633	967,463
		57,621,173	55,546,651	48,184,177
Expenses				
Employee costs		(26,837,830)	(23,744,690)	(22,859,760)
Materials and contracts		(26,701,661)	(16,359,992)	(15,922,056)
Utility charges		(1,603,890)	(1,598,200)	(1,501,040)
Depreciation on non-current assets	5	(14,068,923)	(12,649,168)	(11,875,779)
Interest expenses	12(d)	(553,948)	(491,960)	(491,960)
Insurance expenses		(604,121)	(511,596)	(510,179)
Other expenditure		(2,502,332)	(2,091,914)	(2,613,208)
		(72,872,705)	(57,447,520)	(55,773,982)
Subtotal		(15,251,532)	(1,900,869)	(7,589,805)
Non-operating grants, subsidies and contributions	10(b)	7,249,525	704,941	1,777,283
Profit on asset disposals	4(b)	1,061,943	128,682	6,502
Loss on asset disposals	4(b)	(5,222)	(122,994)	(13,303)
Profit on Assets Held for Sale (TPRC Joint Venture)		833,333	750,000	250,000
		9,139,579	1,460,629	2,020,482
Net result		(6,111,953)	(440,240)	(5,569,323)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(6,111,953)	(440,240)	(5,569,323)

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

BASIS OF PREPARATION

The budget has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

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

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

Accounting policies which have been adopted in the preparation of this budget have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the budget 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 of Vincent controls resources to carry on its functions have been included in the financial statements forming part of this budget.

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 15 to the budget.

2020/21 ACTUAL BALANCES

Balances shown in this budget as 2020/21 Actual are estimates as forecast at the time of budget preparation and are subject to final adjustments.

CHANGE IN ACCOUNTING POLICIES

On the 1 July 2021 no new accounting policies are to be adopted and no new policies are expected to impact the annual budget.

KEY TERMS AND DEFINITIONS - NATURE OR TYPE

REVENUES

RATES

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

SERVICE CHARGES

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services.

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

PROFIT ON ASSET DISPOSAL

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

REVENUES (CONTINUED)

OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

FEES AND CHARGES

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

INTEREST EARNINGS

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

OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, and rebates. Reimbursements and recoveries should be separated by note to ensure the correct calculation of ratios.

EXPENSES

EMPLOYEE COSTS

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

MATERIALS AND CONTRACTS

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

INSURANCE

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

LOSS ON ASSET DISPOSAL

Loss on the disposal of fixed assets includes loss on disposal of long term investments.

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation and amortisation expense raised on all classes of assets.

INTEREST EXPENSES

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

OTHER EXPENDITURE

Statutory fees, taxes, provision for bad debts, member's fees or State taxes. Donations and subsidies made to community groups.

CITY OF VINCENT
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2021/22 Budget	2020/21 Actual	2020/21 Budget
Revenue	1,9,10(a),12(a),12(b)	\$	\$	\$
Governance		50,300	69,243	43,000
General purpose funding		38,151,248	37,200,865	37,230,522
Law, order, public safety		289,750	287,112	300,000
Health		336,542	390,077	261,517
Education and welfare		131,932	122,061	98,647
Community amenities		598,465	931,716	775,806
Recreation and culture		9,316,174	7,819,109	4,908,294
Transport		8,193,212	7,996,186	4,109,953
Economic services		274,050	313,911	198,050
Other property and services		279,500	416,371	258,388
		57,621,173	55,546,651	48,184,177
Expenses excluding finance costs	4(a),5,12(c)(e)(f)(g)			
Governance		(3,193,338)	(3,272,099)	(3,338,549)
General purpose funding		(716,799)	(570,718)	(817,358)
Law, order, public safety		(1,689,011)	(1,807,952)	(1,040,901)
Health		(1,768,032)	(1,456,307)	(1,715,207)
Education and welfare		(390,264)	(380,415)	(354,944)
Community amenities		(22,671,839)	(10,639,189)	(12,132,096)
Recreation and culture		(23,477,658)	(21,718,832)	(19,444,773)
Transport		(15,294,339)	(13,325,362)	(13,528,324)
Economic services		(660,253)	(515,802)	(544,015)
Other property and services		(2,561,897)	(3,268,884)	(2,365,855)
		(72,423,430)	(56,955,560)	(55,282,022)
Finance costs	7,6(a),12(d)			
Recreation and culture		(449,275)	(491,960)	(491,960)
		(449,275)	(491,960)	(491,960)
Subtotal		(15,251,532)	(1,900,869)	(7,589,805)
Non-operating grants, subsidies and contributions	10(b)	7,249,525	704,941	1,777,283
Profit on disposal of assets	4(b)	1,061,943	128,682	6,502
(Loss) on disposal of assets	4(b)	(5,222)	(122,994)	(13,303)
Profit on Assets Held for Sale (TPRC Joint Venture)		833,333	750,000	250,000
		9,139,579	1,460,629	2,020,482
Net result		(6,111,953)	(440,240)	(5,569,323)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(6,111,953)	(440,240)	(5,569,323)

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

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

	NOTE	2021/22 Budget	2020/21 Actual	2020/21 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		36,745,248	35,820,463	35,664,316
Operating grants, subsidies and contributions		810,383	672,147	496,356
Fees and charges		18,429,368	16,803,531	10,094,536
Interest received		503,000	462,877	663,205
Other revenue		1,133,174	1,787,633	967,463
		57,621,173	55,546,651	47,885,876
Payments				
Employee costs		(25,887,830)	(23,094,690)	(22,859,760)
Materials and contracts		(24,701,661)	(15,759,992)	(15,944,056)
Utility charges		(1,453,890)	(1,348,200)	(1,501,040)
Interest expenses		(553,948)	(491,960)	(491,960)
Insurance paid		(604,121)	(511,596)	(510,179)
Other expenditure		(1,502,332)	(1,091,914)	(2,591,208)
		(54,703,782)	(42,298,352)	(43,898,203)
Net cash provided by (used in) operating activities	3	2,917,391	13,248,299	3,987,673
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(14,326,949)	(4,182,829)	(6,270,308)
Payments for construction of infrastructure	4(a)	(7,831,761)	(4,822,331)	(4,199,844)
Non-operating grants, subsidies and contributions	10(b)	7,249,525	704,941	1,777,283
Proceeds from sale of plant and equipment	4(b)	1,302,832	1,019,408	90,000
Net cash provided by (used in) investing activities		(13,606,353)	(7,280,811)	(8,602,869)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(1,366,872)	(887,431)	(887,431)
Principal elements of lease payments	7	(92,839)	(91,377)	(91,377)
Proceeds from Joint Venture	14	833,333	750,000	250,000
Proceeds from new borrowings	6(a)	8,368,366	0	0
Net cash provided by (used in) financing activities		7,741,988	(228,808)	(728,808)
Net increase (decrease) in cash held		(2,946,974)	5,738,680	(5,344,004)
Cash at beginning of year		13,277,893	7,539,213	23,003,755
Cash and cash equivalents at the end of the year	3	10,330,919	13,277,893	17,659,751

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

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

	NOTE	2021/22 Budget \$	2020/21 Actual \$	2020/21 Budget \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)				
	2	5,166,974	2,122,499	1,615,763
		5,166,974	2,122,499	1,615,763
Revenue from operating activities (excluding rates)				
Operating grants, subsidies and contributions	10(a)	810,383	672,147	794,656
Fees and charges	9	18,429,368	16,803,531	10,094,536
Interest earnings	12(a)	503,000	462,877	663,205
Other revenue	12(b)	1,133,174	1,787,633	967,463
Profit on asset disposals	4(b)	1,061,943	128,682	6,502
Profit on Assets Held for Sale (TPRC Joint Venture)		833,333	750,000	250,000
		22,771,201	20,604,870	12,776,362
Expenditure from operating activities				
Employee costs		(26,837,830)	(23,744,690)	(22,859,760)
Materials and contracts		(26,701,660)	(16,359,992)	(15,922,056)
Utility charges		(1,603,890)	(1,598,200)	(1,501,040)
Depreciation on non-current assets	5	(14,068,923)	(12,649,168)	(11,875,779)
Interest expenses	12(d)	(553,948)	(491,960)	(491,960)
Insurance expenses		(604,121)	(511,596)	(510,179)
Other expenditure		(2,502,332)	(2,091,914)	(2,613,208)
Loss on asset disposals	4(b)	(5,222)	(122,994)	(13,303)
		(72,877,926)	(57,570,514)	(55,787,285)
Non-cash amounts excluded from operating activities	2(b)	12,178,869	12,205,067	11,632,580
Amount attributable to operating activities		(32,760,882)	(22,638,078)	(29,762,580)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	10(b)	7,249,525	704,941	1,777,283
Payments for property, plant and equipment	4(a)	(14,326,949)	(4,182,829)	(6,270,308)
Payments for construction of infrastructure	4(a)	(7,831,761)	(4,822,331)	(4,199,844)
Proceeds from disposal of assets	4(b)	1,302,832	1,019,408	90,000
Profit on Assets Held for Sale (TPRC Joint Venture)		833,333	750,000	250,000
Amount attributable to investing activities		(12,773,020)	(6,530,811)	(8,352,869)
Amount attributable to investing activities		(12,773,020)	(6,530,811)	(8,352,869)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(1,366,872)	(887,431)	(887,431)
Principal elements of finance lease payments	7	(92,839)	(91,377)	(91,377)
Proceeds from new borrowings	6(b)	8,368,366	0	0
Transfers to cash backed reserves (restricted assets)	8(a)	(3,190,415)	(3,526,375)	(809,450)
Transfers from cash backed reserves (restricted assets)	8(a)	5,177,037	3,020,583	4,057,183
Amount attributable to financing activities		8,895,277	(1,484,600)	2,268,925
Budgeted deficiency before general rates		(36,638,625)	(30,653,489)	(35,846,524)
Estimated amount to be raised from general rates	1(a)	36,745,248	35,820,463	35,664,317
Net current assets at end of financial year - surplus/(deficit)	2	106,623	5,166,974	(182,207)

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

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

	NOTE	2021/22 Budget	2020/21 Actual	2020/21 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2(a)	5,166,974	2,122,499	1,615,763
		5,166,974	2,122,499	1,615,763
Revenue from operating activities (excluding rates)				
Governance		57,050	69,243	43,000
General purpose funding		1,406,000	1,380,402	1,566,205
Law, order, public safety		1,100,061	306,898	300,000
Health		336,542	390,077	261,517
Education and welfare		138,370	122,061	100,557
Community amenities		606,965	966,438	777,134
Recreation and culture		9,333,938	7,845,978	4,911,558
Transport		8,193,212	7,996,186	4,109,953
Economic services		280,425	324,447	198,050
Other property and services		1,318,639	453,140	508,388
		22,771,202	19,854,870	12,776,362
Expenditure from operating activities				
Governance		(3,193,338)	(3,272,099)	(3,338,549)
General purpose funding		(716,799)	(570,718)	(817,358)
Law, order, public safety		(1,689,011)	(1,807,952)	(1,040,901)
Health		(1,768,032)	(1,456,307)	(1,715,207)
Education and welfare		(390,264)	(380,415)	(354,944)
Community amenities		(22,671,839)	(10,639,189)	(12,132,555)
Recreation and culture		(23,926,933)	(22,318,956)	(19,949,577)
Transport		(15,294,339)	(12,575,362)	(13,528,324)
Economic services		(660,253)	(525,518)	(544,015)
Other property and services		(2,567,119)	(3,273,998)	(2,365,855)
		(72,877,927)	(56,820,514)	(55,787,285)
Non-cash amounts excluded from operating activities	2(b)	12,178,869	12,205,067	11,632,580
Amount attributable to operating activities		(32,760,882)	(22,638,078)	(29,762,580)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		7,249,525	704,941	1,777,283
Payments for property, plant and equipment	4(a)	(14,326,949)	(4,182,829)	(6,270,308)
Payments for construction of infrastructure	4(a)	(7,831,761)	(4,822,331)	(4,199,844)
Proceeds from disposal of assets	4(b)	1,302,832	1,019,408	90,000
Profit on Assets Held for Sale (TPRC Joint Venture)	14	833,333	750,000	250,000
		(12,773,020)	(6,530,811)	(8,352,869)
Amount attributable to investing activities		(12,773,020)	(6,530,811)	(8,352,869)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(1,366,872)	(887,431)	(887,431)
Principal elements of finance lease payments	7	(92,839)	(91,377)	(91,377)
Proceeds from new borrowings	6(a)	8,368,366	0	0
Transfers to cash backed reserves (restricted assets)	8(a)	(3,190,415)	(3,526,375)	(809,450)
Transfers from cash backed reserves (restricted assets)	8(a)	5,177,037	3,020,583	4,057,183
Amount attributable to financing activities		8,895,277	(1,484,600)	2,268,925
Budgeted deficiency before imposition of general rates		(36,638,625)	(30,653,489)	(35,846,524)
Estimated amount to be raised from general rates	1	36,745,248	35,820,463	35,664,317
Net current assets at end of financial year - surplus/(deficit)	2(a)	106,623	5,166,974	(182,207)

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

CITY OF VINCENT
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2022

1. RATES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2021/22 Budgeted rate revenue	2021/22 Budgeted interim rates	2021/22 Budgeted total revenue	2020/21 Actual total revenue	2020/21 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$
Differential general rate or general rate								
Gross rental valuations								
GRV - Residential	0.079730	10,880	245,429,636	19,568,111	260,000	19,828,111	19,097,731	18,878,900
GRV - Vacant Residential	0.076125	168	4,265,470	324,712	30,000	354,712	312,223	376,177
GRV - Other	0.067180	1,621	124,588,530	8,369,858	10,000	8,379,858	8,337,055	8,355,565
GRV - Vacant Commercial	0.128170	43	2,437,750	312,447	0	312,447	307,222	292,430
Sub-Totals		12,712	376,721,386	28,575,128	300,000	28,875,128	28,054,231	27,903,072
	Minimum							
Minimum payment								
	\$							
Gross rental valuations								
GRV - Residential	1,241.00	6,151	78,076,012	7,633,391	0	7,633,391	7,468,660	7,510,144
GRV - Vacant Residential	1,170.00	157	1,822,160	183,690	0	183,690	238,714	191,480
GRV - Other	1,197.70	157	1,886,030	188,039	0	188,039	188,740	186,841
GRV - Vacant Commercial	1,516.40	0	0	0	0	0	(2,022)	0
Sub-Totals		6,465	81,784,202	8,005,120	0	8,005,120	7,894,092	7,888,465
		19,177	458,505,588	36,580,248	300,000	36,880,248	35,948,323	35,791,537
Total amount raised from general rates						36,880,248	35,948,323	35,791,537
Rates Waiver						(135,000)	(127,860)	(127,220)
Total rates						36,745,248	35,820,463	35,664,317

All land (other than exempt land) in the City of Vincent is rated according to its Gross Rental Value (GRV) in townsites.

The general rates detailed for the 2021/22 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities.

1. RATES (CONTINUED)

(b) Interest Charges and Instalments - Rates and Service Charges

The following instalment options are available to ratepayers for the payment of rates and service charges.
 In response to the COVID-19 pandemic, eligible ratepayers who have entered into a financial hardship payment plan are exempt from these service charges.

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one				
Single full payment	27 August 2021		0.0%	7.0%
Option two				
First instalment	27 August 2021		5.5%	7.0%
Second instalment	29 October 2021	8	5.5%	7.0%
Third instalment	7 January 2022	8	5.5%	7.0%
Fourth instalment	11 March 2022	8	5.5%	7.0%

	2021/22 Budget revenue	2020/21 Actual revenue	2020/21 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	150,000	154,728	220,000
Instalment plan interest earned	170,000	175,721	160,000
Unpaid rates and service charge interest earned	133,000	152,923	93,000
	453,000	483,372	473,000

CITY OF VINCENT
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022
1. RATES (CONTINUED)

(c) Objectives and Reasons for Differential Rating

To provide equity in the rating of properties across the City the following rate categories have been determined for the implementation of differential rating.

Differential general rate

Residential Category:

The Residential rate imposes a differential rate on land primarily used for residential purposes.

The rate in the dollar has been set on the basis that ratepayers make a reasonable contribution to the cost of local government services and facilities.

Vacant - Residential Category:

The Vacant-Residential rate is imposed on vacant or undeveloped residential properties that are zoned Residential.

The rate in the dollar is designed to promote development of these properties thereby stimulating growth and development in the community.

Vacant - Commercial Category:

The Vacant-Commercial rate is imposed on vacant or undeveloped non-residential properties that are zoned Mixed Use, Local Centre, District/Regional Centre, Special Use and Commercial.

The rate in the dollar for all vacant commercial land seeks to promote the development of these properties by attracting business and industry to the City thereby stimulating growth and development in the community. There is no increase on the rate levy for 2021/22, to reflect cessation of commercial waste services by the City.

Other – Commercial/Industrial:

The Other – Commercial/Industrial rate is imposed on non-residential properties that are primarily used for commercial or industrial purposes. Examples of properties that fall within this category are retail shops, wholesalers, warehouses, offices, service stations, hotels, taverns, and properties generally used for business purposes.

The rate in the dollar for all Commercial/Industrial Improved property has been set to provide an acceptable standard of infrastructure and parking needs arising from greater volumes of people and vehicular traffic. There is no increase on the rate levy for 2021/22, to reflect cessation of commercial waste services by the City.

(d) Differential Minimum Payment

A minimum rate is applied to all differential rate categories within the City of Vincent. The setting of the minimum rate recognises that every property within the City receives a minimum level of benefit from works and services provided throughout the City. By adopting a minimum rate, Council take this benefit into consideration. There is no increase on the minimum rate for Vacant-Commercial or Other-Commercial/Industrial rating categories, to reflect the cessation of commercial waste services by the City

CITY OF VINCENT
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022
1. RATES (CONTINUED)

(e) Waivers or concessions

charge to which the concession is granted	Type	Discount (\$)	2021/22 Budget	2020/21 Actual	2020/21 Budget	s in which the granted	Objects and reasons of the waiver or concession
Rate	Waiver	\$	\$ 135,000	\$ 127,860	\$ 127,220	Various community groups	waiver has been provided for not-for-profit organisations that have a community and/or sporting purpose

(e) Service Charge and Specified Area Rates

The City will not raise any Service Charge and Specified Service Rates for the year ending 30 June 2022.

CITY OF VINCENT
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022

2. NET CURRENT ASSETS

(a) Composition of estimated net current assets

Current assets

Cash and cash equivalents- unrestricted
 Cash and cash equivalents - restricted
 Receivables
 Inventories

Note	2021/22 Budget 30 June 2022	2020/21 Actual 30 June 2021	2020/21 Budget 30 June 2021
	\$	\$	\$
3	835,224	1,795,576	9,881,495
3	9,495,695	11,482,317	7,778,257
	4,058,272	6,500,378	1,228,949
	199,250	199,578	0
	14,588,441	19,977,849	18,888,701

Less: current liabilities

Trade and other payables
 Contract liabilities
 Lease liabilities
 Short term borrowings
 Employee provisions

	(1,346,451)	(1,936,026)	(7,021,223)
	0	0	298,300
7	(92,839)	(92,839)	91,377
	(1,631,739)	(930,732)	(887,430)
	(4,629,184)	(2,372,139)	(5,242,611)
	(7,700,213)	(5,331,736)	(12,761,587)

Net current assets

	6,888,228	14,646,113	6,127,114
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Less: Total adjustments to net current assets

Net current assets used in the Rate Setting Statement

2.(c)	(6,781,604)	(9,479,139)	(6,309,321)
	106,623	5,166,974	(182,207)

CITY OF VINCENT
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022
2. NET CURRENT ASSETS (CONTINUED)

EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)

Items excluded from calculation of budgeted deficiency

When calculating the budget deficiency for the purpose of Section 6.2 (2)(c) of the *Local Government Act 1995* the following amounts have been excluded as provided by *Local Government (Financial Management) Regulation 32* which will not fund the budgeted expenditure.

(b) Operating activities excluded from budgeted deficiency

The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with *Financial Management Regulation 32*.

Adjustments to operating activities

Less: Profit on asset disposals	4(b)	(1,061,943)	(128,682)	(6,502)
Add: Loss on disposal of assets	4(b)	5,222	122,994	13,303
Add: Depreciation on assets	5	14,068,923	12,649,168	11,875,779
Less: Profit on Assets Held for Sale (TPRC Joint Venture)		(833,333)	(750,000)	(250,000)
Movement in deferred pensioner rates (non-current)		0	(115,294)	0
Movement in non-current employee provisions			426,881	0
Non cash amounts excluded from operating activities		12,178,869	12,205,067	11,632,580

(c) Current assets and liabilities excluded from budgeted deficiency

The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets

Less: Cash - restricted reserves	8	(9,495,695)	(11,482,317)	(7,778,257)
Less: Shares transferred from non current to current asset		(11,000)	(11,000)	
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings		1,631,739	930,732	887,430
- Current portion of lease liabilities		92,839	92,839	(91,377)
- Current portion of contract liability held in reserve		0	0	(298,300)
- Infringement debtor transferred to non current asset		1,000,513	990,607	971,183
Total adjustments to net current assets		(6,781,604)	(9,479,139)	(6,309,321)

2 (d) NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

An 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.

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 of Vincent becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

PREPAID RATES

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

INVENTORIES

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.

Superannuation

The City of Vincent contributes to a number of superannuation funds on behalf of employees.

All funds to which the City of Vincent contributes are defined contribution plans.

LAND HELD FOR RESALE

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

CONTRACT ASSETS

A contract asset is the right to consideration in exchange for goods or services the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

TRADE AND OTHER RECEIVABLES

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

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

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

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

PROVISIONS

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

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

EMPLOYEE BENEFITS

Short-term employee benefits

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

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

3. RECONCILIATION OF CASH

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

Note	2021/22 Budget	2020/21 Actual	2020/21 Budget	
	\$	\$	\$	
Cash at bank and on hand	1,672,162	1,866,177	4,681,713	
Term deposits	8,658,757	11,411,716	12,978,039	
Total cash and cash equivalents	10,330,919	13,277,893	17,659,752	
Held as				
- Unrestricted cash and cash equivalents	835,224	1,795,576	9,881,495	
- Restricted cash and cash equivalents	9,495,695	11,482,317	7,778,257	
	10,330,919	13,277,893	17,659,752	
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	9,495,695	11,482,317	7,778,257	
	9,495,695	11,482,317	7,778,257	
The restricted assets are a result of the following specific purposes to which the assets may be used:				
Reserves - cash/financial asset backed	8	9,495,695	11,482,317	7,778,257
		9,495,695	11,482,317	7,778,257
Reconciliation of net cash provided by operating activities to net result				
Net result	(6,111,953)	(440,240)	(5,569,323)	
Depreciation	5	14,068,923	12,649,168	11,875,779
Profit on Assets Held for Sale (TPRC Joint Venture)		(833,333)	(750,000)	(250,000)
(Profit)/loss on sale of asset	4(b)	(1,056,721)	(5,688)	6,801
(Increase)/decrease in receivables		4,116,723	2,663,576	112,352
(Increase)/decrease in contract assets		0	(9,760)	9,760
Increase/(decrease) in payables		(103,508)	(193,817)	304,677
Increase/(decrease) in contract liabilities		(355,700)	(227,999)	(347,806)
Increase/(decrease) in employee provisions		442,485	268,000	(377,283)
Non-operating grants, subsidies and contributions		(7,249,525)	(704,941)	(1,777,284)
Net cash from operating activities		2,917,391	13,248,299	3,987,673

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 2 - Net Current Assets.

FINANCIAL ASSETS AT AMORTISED COST

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

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

CITY OF VINCENT
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022

4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program									2021/22 Budget total	2020/21 Actual total	2020/21 Budget total
	Governance	General purpose funding	Law, order, public safety	Education and welfare	Community amenities	Recreation and culture	Transport	Economic services	Other property and services			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>												
Buildings - non-specialised				318,238		8,914,982			95,000	9,328,220	3,018,834	4,886,398
Furniture and equipment	374,227	513,080				1,120,366				2,007,673	751,993	1,037,100
Plant and equipment	50,000		68,000	28,000	1,402,056	77,000	20,000	23,500	1,322,500	2,991,056	412,002	346,810
	424,227	513,080	68,000	346,238	1,402,056	10,112,348	20,000	23,500	1,417,500	14,326,949	4,182,829	6,270,308
<i>Infrastructure</i>												
Infrastructure - roads							3,557,938			3,557,938	2,864,697	2,884,844
Infrastructure - Footpath							870,444			870,444	564,765	595,000
Infrastructure - Drainage							253,635			253,635	126,365	190,000
Other Infrastructure					85,000					85,000	35,000	35,000
Infrastructure - Car Park Development							555,300			555,300	190,000	130,000
Infrastructure - Parks Development							2,489,444	20,000		2,509,444	961,504	290,000
Infrastructure - Right of Way										0	80,000	75,000
	0	0	0	0	85,000	2,489,444	5,257,317	0	0	7,831,761	4,822,331	4,199,844
Total acquisitions	424,227	513,080	68,000	346,238	1,487,056	12,601,792	5,277,317	23,500	1,417,500	22,158,710	9,005,160	10,470,152

A detailed breakdown of acquisitions on an individual asset basis can be found in the supplementary information attached to this budget:

SIGNIFICANT ACCOUNTING POLICIES

RECOGNITION OF ASSETS

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.

CITY OF VINCENT
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022

4. FIXED ASSETS

(b) Disposals of Assets

The following assets are budgeted to be disposed of during the year.

	2021/22 Budget Net Book Value	2021/22 Budget Sale Proceeds	2021/22 Budget Profit	2021/22 Budget Loss	2020/21 Actual Net Book Value	2020/21 Actual Sale Proceeds	2020/21 Actual Profit	2020/21 Actual Loss	2020/21 Budget Net Book Value	2020/21 Budget Sale Proceeds	2020/21 Budget Profit	2020/21 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
Governance	23,250	30,000	6,750	0	0	0	0	0	0	0	0	0
Law, order, public safety	25,188	835,499	810,311	0	75,909	95,695	19,786	0	0	0	0	0
Education and welfare	13,562	20,000	6,438	0		0	0	11,390	13,300	1,910	0	0
Community amenities	9,500	18,000	8,500	0	42,314	77,036	34,722	0	22,431	23,300	1,328	(459)
Recreation and culture	12,236	30,000	17,764	0	323,795	242,500	26,869	(108,164)	62,980	53,400	3,264	(12,844)
Transport	1	1	0	0		0	0	0	0	0	0	0
Economic services	11,625	18,000	6,375	0	486,660	487,480	10,536	(9,716)	0	0	0	0
Other property and services	150,749	351,332	205,805	(5,222)	85,042	116,697	36,769	(5,114)	0	0	0	0
	246,111	1,302,832	1,061,943	(5,222)	1,013,720	1,019,408	128,682	(122,994)	96,801	90,000	6,502	(13,303)
By Class												
<i>Property, Plant and Equipment</i>												
Land - freehold land	1	800,000	799,999		800,880	683,000	0	(117,880)	0	0	0	0
Plant and equipment	246,110	502,832	261,944	(5,222)	212,840	336,408	128,682	(5,114)	96,801	90,000	6,502	(13,303)
	246,111	1,302,832	1,061,943	(5,222)	1,013,720	1,019,408	128,682	(122,994)	96,801	90,000	6,502	(13,303)

A detailed breakdown of disposals on an individual asset basis can be found in the supplementary information attached to this budget.

SIGNIFICANT ACCOUNTING POLICIES

GAINS AND LOSSES ON DISPOSAL

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

CITY OF VINCENT
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022
5. ASSET DEPRECIATION

By Program

Health
Education and welfare
Community amenities
Recreation and culture
Transport
Other property and services

By Class

Buildings - non-specialised
Furniture and equipment
Plant and equipment
Infrastructure - roads
Infrastructure - Foothpath
Infrastructure - Drainage
Other Infrastructure
Infrastructure - Car Park Development
Infrastructure - Parks Development
Infrastructure - Right of Way
Right of use - furniture and fittings

2021/22 Budget	2020/21 Actual	2020/21 Budget
\$	\$	\$
258,886	57,982	54,437
481,099	268,492	252,076
1,663,660	132,228	124,143
5,486,688	6,226,193	5,845,514
4,651,371	4,820,449	4,525,720
1,527,219	1,143,824	1,073,889
14,068,923	12,649,168	11,875,779
6,399,998	4,783,753	4,491,267
236,604	333,006	312,646
1,506,348	1,264,933	1,187,593
3,055,776	3,139,029	2,947,104
719,451	757,962	711,619
240,443	254,082	238,547
373,946	559,256	525,062
246,851	294,259	276,268
961,502	918,622	862,456
208,292	218,848	205,467
119,712	125,418	117,750
14,068,923	12,649,168	11,875,779

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

The depreciable amount of all fixed assets including buildings but excluding freehold 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.

Major depreciation periods used for each class of depreciable asset are:

Buildings - non-specialised	30 to 75 years
Furniture and equipment	3 to 40 years
Plant and equipment	2.5 to 3.5 years
<u>Sealed Roads and Streets:</u>	
Subgrade Structure	1,000 to 10,000 years
Pavement Structure	20 to 120 years
Surface Structure	20 to 120 years
Infrastructure - roads	20 to 10,000 years
Infrastructure - Foothpath	13 to 113 years
Drainage Systems	120 years
<u>Car Parks Infrastructure:</u>	
Car Park Pavement	100 to 999 years
Car Park Seals	30 to 50 years
Car Park Other Infrastructure	20 to 60 years
<u>Parks Infrastructure:</u>	
Reticulation	20 years
Parks Other Infrastructure	3 to 80 years
Infrastructure - Right of Way	3 years
Right of use - furniture and fittings	3 years

AMORTISATION

The depreciable amount of all intangible assets with a finite useful life, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

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

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

CITY OF VINCENT
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

Movement in borrowings and interest between the beginning and the end of the current financial year.

Purpose	Loan Number	Institution	Interest Rate	Budget	2021/22	2021/22	Budget	2021/22	Actual	2020/21	2020/21	Actual	2020/21	Budget	2020/21	2020/21	Budget	2020/21
				Principal	Budget	Budget	Budget	Actual		Actual	Actual	Actual	Principal		Budget	Budget	Principal	Principal
				1 July 2021	New Loans	Principal Repayments	Principal outstanding 30 June 2022	Interest Repayments	1 July 2020	New Loans	Principal Repayments	Principal outstanding 30 June 2021	Interest Repayments	1 July 2020	New Loans	Principal Repayments	Principal outstanding 30 June 2021	Interest Repayments
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Recreation and culture																		
246 Vincent Street DLGSC building	2B	WATC	1.4%	858,991		(95,706)	763,285	(17,819)	953,334	0	(94,343)	858,991	19,846	953,334		(94,343)	858,991	19,846
Loftus Centre Redevelopment	5	WATC	6.4%	1,335,293		(185,745)	1,149,548	(88,677)	1,509,639	0	(174,346)	1,335,293	101,159	1,509,639		(174,346)	1,335,293	101,159
Underground Car Park Loftus Rec	6	WATC	3.9%	305,474		(260,991)	44,483	(9,372)	556,623	0	(251,149)	305,474	20,754	556,623		(251,149)	305,474	20,754
Beatty Park Redevelopment	10	WATC	5.5%	5,417,205		(388,291)	5,028,914	(323,967)	5,784,798	0	(367,593)	5,417,205	346,938	5,784,798		(367,593)	5,417,205	346,938
Strength Equipment- BPLC	12	WATC	0.1%	0	407,898	(32,933)	374,965	(3,978)	0	0	0	0	0	0	0	0	0	0
Cardio Equipment- BPLC	13	WATC	0.8%	0	460,468	(56,765)	403,703	(3,661)	0	0	0	0	0	0	0	0	0	0
				7,916,963	868,366	(1,020,431)	7,764,898	(447,474)	8,804,394	0	(887,431)	7,916,963	488,697	8,804,394	0	(887,431)	7,916,963	488,697
Community amenities																		
Resource Recovery Facility	14	WATC	0.1%	0	7,500,000	(346,441)	7,153,559	(104,673)	0	0	0	0	0	0	0	0	0	0
				0	7,500,000	(346,441)	7,153,559	(104,673)	0	0	0	0	0	0	0	0	0	0
				7,916,963	8,368,366	(1,366,872)	14,918,457	(552,147)	8,804,394	0	(887,431)	7,916,963	488,697	8,804,394	0	(887,431)	7,916,963	488,697

All borrowing repayments will be financed by general purpose revenue.

(b) New borrowings - 2021/22

New borrowings for 2021/22 is as per **note 6(a)**.

(c) Unspent borrowings

The City had no unspent borrowing funds as at 30 June 2021 nor is it expected to have unspent borrowing funds as at 30 June 2022.

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.

CITY OF VINCENT
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022

7. LEASE LIABILITIES

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Budget Lease	2021/22 Budget	2021/22 Budget	Budget Lease	2021/22 Budget	Actual Principal 1 July 2020	2020/21 Actual	2020/21 Actual	Actual Lease	2020/21 Actual	Budget Principal 1 July 2020	2020/21 Budget	2020/21 Budget	Budget Lease	2020/21 Budget	
					Principal 1 July 2021	New Leases	Lease Repayments	Principal outstanding 30 June 2022	Lease Interest Repayments		Lease repayments	Lease Principal outstanding 30 June 2021	Lease Interest repayments	Budget New Leases		Lease repayments	Principal outstanding 30 June 2021	Lease Interest repayments		
Governance					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
EMV Kit		MAIA Financials	1.6%	3	163,440	0	(92,839)	70,601	(1,801)	254,817			(91,377)	163,440	3,263	254,817	0	(91,377)	163,440	3,263
					163,440	0	(92,839)	70,601	(1,801)	254,817	0		(91,377)	163,440	3,263	254,817	0	(91,377)	163,440	3,263

SIGNIFICANT ACCOUNTING POLICIES

LEASES

At the inception of a contract, the City assesses whether the contract is, or contains, 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 a 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.

LEASE LIABILITIES

The present value of future lease payments not paid at the reporting date discounted using the incremental borrowing rate where the implicit interest rate in the lease is not readily determined.

CITY OF VINCENT
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022

8. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2021/22 Budget Opening Balance	2021/22 Budget Transfer to	2021/22 Budget Transfer (from)	2021/22 Budget Closing Balance	2020/21 Actual Opening Balance	2020/21 Actual Transfer to	2020/21 Actual Transfer (from)	2020/21 Actual Closing Balance	2020/21 Budget Opening Balance	2020/21 Budget Transfer to	2020/21 Budget Transfer (from)	2020/21 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Asset Sustainability Reserve	5,890,677	746,664	(2,726,156)	3,911,185	5,293,197	2,963,420	(2,365,940)	5,890,677	5,295,417	245,342	(2,819,583)	2,721,176
(b) Beatty Park Leisure Centre Reserve	102,048	789	0	102,837	101,218	830	0	102,048	101,281	1,632	0	102,913
(c) Cash in Lieu Parking Reserve	1,540,735	11,914	(441,000)	1,111,649	1,926,192	20,222	(405,679)	1,540,735	1,926,742	31,052	(516,000)	1,441,794
(d) Hyde Park Lake Reserve	160,575	1,242	0	161,817	159,269	1,306	0	160,575	159,367	2,568	0	161,935
(e) Land and Building Acquisition Reserve	299,910	2,319	0	302,229	297,471	2,439	0	299,910	297,653	4,797	0	302,450
(f) Leederville Oval Reserve	94,840	733	0	95,573	94,069	771	0	94,840	94,178	1,518	0	95,696
(g) Loftus Community Centre Reserve	37,204	288	0	37,492	36,901	303	0	37,204	36,922	595	0	37,517
(h) Loftus Recreation Centre Reserve	224,595	61,195	0	285,790	171,525	53,070	0	224,595	172,850	54,450	0	227,300
(i) Office Building Reserve - 246 Vincent Street	288,445	2,230	(290,675)	0	401,156	3,289	(116,000)	288,445	401,432	6,470	(196,000)	211,902
(j) Parking Facility Reserve	106,473	823	0	107,296	105,607	866	0	106,473	105,672	1,703	0	107,375
(k) Percentage For Public Art Reserve	401,299	3,103	(374,227)	30,175	488,867	45,396	(132,964)	401,299	529,109	8,527	(525,600)	12,036
(l) Plant and Equipment Reserve	22,667	175	(22,667)	175	22,483	184	0	22,667	22,601	364	0	22,965
(m) Public Open Space reserve - General	0	1,461,333	(190,000)	1,271,333	0	0	0	0	0	0	0	0
(n) Public Open Space reserve - Haynes Street	159,194	36,476	(150,000)	45,670	0	159,194	0	159,194	0	160,408	0	160,408
(o) State Gymnastics Centre Reserve	120,783	12,078	0	132,861	110,197	10,586	0	120,783	109,897	11,453	0	121,350
(p) Strategic Waste Management Reserve	1,005,650	7,776	(982,312)	31,114	997,471	8,179	0	1,005,650	997,361	16,073	0	1,013,434
(q) Tamala Park Land Sales Reserve	593,697	837,924	0	1,431,621	340,902	252,795	0	593,697	345,244	255,564	0	600,808
(r) Underground Power Reserve	211,773	1,638	0	213,411	210,051	1,722	0	211,773	210,180	3,387	0	213,567
(s) Waste Management Plant and Equipment Reserve	221,752	1,715	0	223,467	219,949	1,803	0	221,752	220,084	3,547	0	223,631
	11,482,317	3,190,415	(5,177,037)	9,495,695	10,976,525	3,526,375	(3,020,583)	11,482,317	11,025,990	809,450	(4,057,183)	7,778,257

CITY OF VINCENT
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022

8. CASH BACKED RESERVES (CONTINUED)

(b) Cash Backed Reserves - Purposes

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

Reserve name	Purpose of the reserve
(a) Asset Sustainability Reserve	For assisting Council in funding its long term asset management objectives and provide a means to spread the cost of intergenerational assets over multiple years.
(b) Beatty Park Leisure Centre Reserve	For the major upgrade and redevelopment of the Beatty Park Leisure Centre including the replacement or purchase of major plant, equipment, fixtures and fittings.
(c) Cash in Lieu Parking Reserve	This reserve is established from payment of cash-in-lieu of car parking from development applicants and is to be used for providing and/or upgrading existing and proposed Transport infrastructure as defined in the City's Parking and Access Policy 7.7.1.
(d) Hyde Park Lake Reserve	For works associated with the investigation, maintenance, remedial works and the rehabilitation of the Hyde Park Lakes and surrounds.
(e) Land and Building Acquisition Reserve	To ensure that proceeds of real assets disposed of are restricted to purchase other land and buildings for civic purposes.
(f) Leederville Oval Reserve	For the works associated with the maintenance, repairs, upgrade and replacement of Leederville Oval buildings, fixtures, fittings and associated land.
(g) Loftus Community Centre Reserve	This reserve is for the purpose of capital improvements, including replacing major items of plant and equipment or renewal and modifications to the Centre.
(h) Loftus Recreation Centre Reserve	This reserve is for the purpose of capital improvements, including replacing major items of plant and equipment or renewal and modifications to the Centre.
(i) Office Building Reserve - 246 Vincent Street	For major building upgrade, maintenance, repairs, renovation and replacement of floorcovering, fixtures and fittings associated with the new Office Building and Land.
(j) Parking Facility Reserve	This reserve is for the purchase and replacement of parking ticket machines, provision and improvement of parking information systems, security lighting, improved pathways and associated infrastructure to access parking areas and associated works.
(k) Percentage For Public Art Reserve	This reserve is funded from payment of public art contributions from development applicants and is to be used for the acquisition and provision of Public Art and associated infrastructure.
(l) Plant and Equipment Reserve	For the purchase of replacement plant and equipment associated with City's works.
(m) Public Open Space reserve - General	The purpose of this reserve is for the future development of public open space in the City.
(n) Public Open Space reserve - Haynes Street	The purpose of this reserve is for the future development of POS at Haynes Street.
(o) State Gymnastics Centre Reserve	This reserve is for the purpose of capital improvements, including replacing major items of plant and equipment or renewal and modifications to the Centre.
(p) Strategic Waste Management Reserve	Investigation and implementation of integrated waste management strategies/programmes and initiatives, (including secondary waste treatment and costs associated with the redevelopment of Lot 118 Tamala Park).
(q) Tamala Park Land Sales Reserve	For future significant/major capital works, infrastructure, project or debt reduction programme for the benefit of the City.
(r) Underground Power Reserve	For the purpose of funding the City's contribution to approved underground power projects.
(s) Waste Management Plant and Equipment Reserve	For the purpose of replacing plant and equipment associated with the City's waste management, minimisation and recycling operations

9. FEES & CHARGES REVENUE

	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
Governance	300	203	0
General purpose funding	303,000	379,729	290,000
Law, order, public safety	236,950	278,529	247,000
Health	329,340	378,008	254,242
Education and welfare	92,750	78,666	65,465
Community amenities	582,865	881,053	758,506
Recreation and culture	8,394,311	6,704,478	4,132,700
Transport	8,135,852	7,694,382	4,071,894
Economic services	269,500	306,985	194,100
Other property and services	84,500	101,498	80,629
	18,429,368	16,803,531	10,094,536

10. GRANT REVENUE

By Program:

(a) Operating grants, subsidies and contributions

General purpose funding	570,000	535,680	575,000
Law, order, public safety	52,800	2,245	53,000
Health	3,300	3,819	3,500
Education and welfare	2,000	0	9,500
Housing	0	9,521	0
Community amenities	14,600	85,470	16,800
Recreation and culture	102,883	0	68,197
Transport	24,500	886	25,000
Economic services	1,800	34,526	2,200
Other property and services	38,500	0	41,459
	810,383	672,147	794,656

(b) Non-operating grants, subsidies and contributions

Community amenities	188,420	5,312	0
Recreation and culture	4,878,413	122,981	270,557
Transport	1,852,692	576,648	1,506,726
Other property and services	330,000	0	0
	7,249,525	704,941	1,777,283
Total grants, subsidies and contributions	8,059,908	1,377,088	2,571,939

CITY OF VINCENT
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022

11. REVENUE RECOGNITION

SIGNIFICANT ACCOUNTING POLICIES									
Recognition of revenue is dependant 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	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Revenue recognition	Accounting standard
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued	AASB 15 AASB 1058
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared	AASB 15
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared	AASB 15
Grants with no contractual commitments	General appropriations and contributions with no specific contractual commitments	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled	AASB 1058
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval	AASB 1058
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle	AASB 1058
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs	AASB 1058
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service	AASB 15 AASB 1058
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	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility	AASB 1058

CITY OF VINCENT
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022

11. REVENUE RECOGNITION (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)									
Recognition of revenue is dependant 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	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Revenue recognition	Accounting standard
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire	AASB 15
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right	AASB 15
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works	AASB 1058
Sale of stock	Beatty Park kiosk	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods	AASB 1058
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled	AASB 15
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed	AASB 15

12. OTHER INFORMATION

	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
The net result includes as revenues			
(a) Interest earnings			
Investments			
- Reserve funds	100,000	64,432	180,205
- Other funds	100,000	69,801	230,000
Late payment of fees and charges *	130,000	152,923	90,000
Other interest revenue (refer note 1b)	173,000	175,721	163,000
	503,000	462,877	663,205
* The City has resolved to charge interest under section 6.13 for the late payment of any amount of money at 7% .			
(b) Other revenue			
Reimbursements and recoveries	1,133,174	1,787,633	967,463
	1,133,174	1,787,633	967,463
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	85,000	10,045	70,000
Other services	5,000	0	5,000
	90,000	10,045	75,000
(d) Interest expenses (finance costs)			
Borrowings (refer Note 6(a))	552,147	(488,697)	(488,697)
Interest expense on lease liabilities	1,801	(3,263)	(3,263)
	553,948	(491,960)	(491,960)
(e) Elected members remuneration			
Meeting fees	217,000	216,989	217,000
Mayor/President's allowance	64,000	58,075	64,000
Deputy Mayor/President's allowance	16,000	15,838	16,000
Travelling expenses	500	0	1,000
Telecommunications allowance	22,500	24,545	22,500
Childcare	2,000	644	5,000
	322,000	316,091	325,500
(f) Write offs			
General rate	135,000	127,860	127,220
Fees and charges	0	0	109,000
	135,000	127,860	236,220

CITY OF VINCENT
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022

13. MAJOR LAND TRANSACTIONS

Sale of Carpark at 25 Sydney Street

(a) Current year transactions

Note	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
Capital revenue			
Sale of Land	800,000		
	<u>800,000</u>	0	0

(b) Expected future cash flows

	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	\$	\$	\$	\$	\$	\$
Cash Inflows						
Sale of Land	800,000	0	0	0	0	800,000
	<u>800,000</u>	0	0	0	0	800,000
Net cash flows	<u>800,000</u>	0	0	0	0	800,000

14. INTERESTS IN JOINT ARRANGEMENTS

The Mindarie Regional Council was formally constituted in December 1987. The City of Vincent (along with the Cities of Perth, Wanneroo, Joondalup, Stirling and Towns of Victoria Park and Cambridge) is a member of the Mindarie Regional Council. The primary function of the Regional Council under the constitution agreement is for the orderly and efficient treatment and/or disposal of waste. The City of Vincent is a participant in the Mindarie Regional Council (MRC) and has one twelfth (1/12) equity in the land and assets of the refuse disposal facility as per the constitution amendment (dated 25 November 1996) that recognises the City as a member of the Mindarie Regional Council.

Tamala Park Regional Council

The City of Vincent is a participant (along with the Cities of Perth, Wanneroo, Joondalup, Stirling and Towns of Victoria Park and Cambridge) in the operations of the Tamala Park Regional Council (TPRC). The TPRC was created in 2006 to develop approximately 173 hectares of land for sale immediately north of the land leased by the Mindarie Regional Council. The City has a one twelfth (1/12) equity in the assets and liabilities of the development; as well as a one twelfth (1/12) equity in the assets and liabilities of TPRC as the operator of the development; and a one twelfth (1/12) share in the asset of the lands held for development.

SIGNIFICANT ACCOUNTING POLICIES

INTERESTS IN JOINT ARRANGEMENTS

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The City of Vincent's interests in the assets liabilities revenue and expenses of joint operations are included in the respective line items of the financial statements.

15. TRUST FUNDS

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

Detail	Balance 30 June 2021	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2022
	\$	\$	\$	\$
Leederville Gardens Inc Trust	4,752,902	1,000	(1,295,000)	3,458,902
	4,752,902	1,000	(1,295,000)	3,458,902

16. SIGNIFICANT ACCOUNTING POLICIES - OTHER INFORMATION

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.

CRITICAL ACCOUNTING ESTIMATES

The preparation of a budget 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.

ROUNDING OFF FIGURES

All figures shown in this statement are rounded to the nearest dollar.

COMPARATIVE FIGURES

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

BUDGET COMPARATIVE FIGURES

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