

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

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COMMUNITY VISION

"Connected Communities, Valuing Nature and Creating our Future Together"

Principal place of business:
No:2, Railway Road
Kalamunda, 6076
Western Australia

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City of Kalamunda for the financial year ended 30 June 2021 is based on proper accounts and records to present fairly the financial position of the City of Kalamunda at 30 June 2021 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 10th day of November 2021



Chief Executive Officer

Rhonda Hardy

Name of Chief Executive Officer



CITY OF KALAMUNDA
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	30(a)	38,342,129	37,731,300	37,864,554
Operating grants and subsidies	2(a)	2,861,346	1,383,618	2,621,875
Contributions, Reimbursements and Donations	2(a)	1,139,357	495,030	4,944,018
Fees and charges	2(a)	16,116,365	14,561,645	15,401,091
Interest earnings	2(a)	622,173	369,046	800,329
Other revenue	2(a)	58,086	45,500	36,145
		59,139,456	54,586,139	61,668,012
Expenses				
Employee costs		(24,892,251)	(24,025,535)	(25,144,391)
Materials and contracts		(20,233,774)	(17,669,105)	(22,443,971)
Utility charges		(1,965,822)	(1,935,903)	(1,920,612)
Depreciation on non-current assets	11(b)	(13,327,727)	(10,986,626)	(11,316,721)
Interest expenses	2(b)	(266,981)	(274,842)	(265,469)
Insurance expenses		(605,809)	(608,212)	(591,118)
Other expenditure		(308,286)	(195,072)	(1,567,604)
		(61,600,650)	(55,695,295)	(63,249,886)
		(2,461,194)	(1,109,156)	(1,581,874)
Non-operating grants, subsidies and contributions	2(a)	10,907,932	17,917,612	7,354,821
Profit on asset disposals	11(a)	41,699	0	14,771
(Loss) on asset disposals	11(a)	(301,608)	0	(2,566,892)
Dividends Received		0	0	803,210
Share of net profit/ (loss) of associates accounted for using the equity method	27	627,871	998,408	(2,290,314)
		11,275,894	18,916,020	3,315,596
Net result for the period		8,814,700	17,806,864	1,733,722
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	14	0	0	(31,575,993)
Increase in fair value of other equity investments		5,172	0	2,305
Share of comprehensive income/ (loss) of associates and joint ventures accounted for using the equity method	27	(779,312)	0	140,216
Total other comprehensive income / (loss) for the period		(774,140)	0	(31,433,472)
Total comprehensive income / (loss) for the period		8,040,560	17,806,864	(29,699,750)

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



CITY OF KALAMUNDA
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
	2(a)			
Governance		30	20,000	27,753
General purpose funding		41,481,594	39,341,145	41,356,817
Law, order, public safety		529,599	501,433	442,233
Health		904,419	846,849	878,374
Education and welfare		57,473	30,750	64,508
Community amenities		12,995,652	12,410,030	12,539,229
Recreation and culture		1,907,809	1,023,381	2,070,476
Transport		65,989	30,000	41,498
Economic services		434,751	203,025	250,127
Other property and services		762,140	179,526	3,996,997
		<u>59,139,456</u>	<u>54,586,139</u>	<u>61,668,012</u>
Expenses				
	2(b)			
Governance		(3,053,865)	(3,156,199)	(3,960,937)
General purpose funding		(660,329)	(684,556)	(616,834)
Law, order, public safety		(2,222,439)	(1,983,733)	(2,089,052)
Health		(1,653,135)	(1,622,855)	(1,652,827)
Education and welfare		(351,869)	(297,420)	(382,309)
Community amenities		(15,274,397)	(15,172,937)	(15,445,082)
Recreation and culture		(20,520,786)	(17,333,531)	(18,065,399)
Transport		(13,321,825)	(13,143,035)	(12,603,438)
Economic services		(1,331,667)	(1,309,950)	(1,227,207)
Other property and services		(2,943,357)	(716,237)	(6,941,332)
		<u>(61,333,669)</u>	<u>(55,420,453)</u>	<u>(62,984,417)</u>
Finance Costs				
	2(b)			
Other property and services		(266,981)	(274,842)	(265,469)
		<u>(266,981)</u>	<u>(274,842)</u>	<u>(265,469)</u>
		(2,461,194)	(1,109,156)	(1,581,874)
Non-operating grants, subsidies and contributions	2(a)	10,907,932	17,917,612	7,354,821
Profit on disposal of assets	11(a)	41,699	0	14,771
(Loss) on disposal of assets	11(a)	(301,608)	0	(2,566,892)
Dividends Received		0	0	803,210
Share of net profit/ (loss) of associates accounted for using the equity method	27	627,871	998,408	(2,290,314)
		<u>11,275,894</u>	<u>18,916,020</u>	<u>3,315,596</u>
		8,814,700	17,806,864	1,733,722
Net result for the period				
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	14	0	0	(31,575,993)
Increase in fair value of other equity investments		5,172	0	2,305
Share of comprehensive income/ (loss) of associates and joint ventures accounted for using the equity method	27	(779,312)	0	140,216
		<u>(774,140)</u>	<u>0</u>	<u>(31,433,472)</u>
		(774,140)	0	(31,433,472)
		8,040,560	17,806,864	(29,699,750)

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

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

	NOTE	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	3	32,134,446	24,196,351
Trade and other receivables	6(a)	4,801,096	3,795,352
Other financial assets	5(a)	3,400,131	3,394,524
Inventories	7(a)	123,756	123,249
Other assets	8(a)	394,844	303,636
TOTAL CURRENT ASSETS		40,854,273	31,813,112
NON-CURRENT ASSETS			
Trade and other receivables	6(b)	906,090	866,115
Other financial assets	5(b)	219,093	226,335
Other assets	8(b)	79,331	158,663
Inventories	7(b)	386,067	386,067
Investment in associate	27	29,106,170	29,257,611
Property, plant and equipment	9	125,300,356	120,811,550
Infrastructure	10	372,099,374	371,529,361
Intangible assets	13	863,385	865,958
Right-of-use assets	12	100,692	0
TOTAL NON-CURRENT ASSETS		529,060,558	524,101,661
TOTAL ASSETS		569,914,831	555,914,773
CURRENT LIABILITIES			
Trade and other payables	15	10,641,375	8,435,334
Capital Grant Liabilities	16	3,146,351	2,214,705
Lease liabilities	18(a)	44,711	0
Borrowings	19(b)	1,228,737	1,027,692
Employee related provisions	20	4,525,221	4,196,505
TOTAL CURRENT LIABILITIES		19,586,395	15,874,236
NON-CURRENT LIABILITIES			
Other liabilities	17	10,945	0
Lease liabilities	18(a)	56,071	0
Borrowings	19(b)	8,785,662	6,961,299
Employee related provisions	20	535,574	362,263
TOTAL NON-CURRENT LIABILITIES		9,388,252	7,323,562
TOTAL LIABILITIES		28,974,647	23,197,798
NET ASSETS		540,940,184	532,716,975
EQUITY			
Retained surplus		222,340,202	222,322,634
Reserves - cash/financial asset backed	4	23,511,544	14,531,763
Revaluation surplus	14	295,088,438	295,862,578
TOTAL EQUITY		540,940,184	532,716,975

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



**CITY OF KALAMUNDA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

		RESERVES CASH/FINANCIAL			
	NOTE	RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2019		217,897,511	17,223,164	327,932,784	563,053,459
Comprehensive income					
Net result for the period		1,733,722	0	0	1,733,722
Other comprehensive income	14	0	0	(31,433,472)	(31,433,472)
Total comprehensive income		1,733,722	0	(31,433,472)	(29,699,750)
Transfer of previously recognised increment in fair value due to asset disposals / write off	11(a)			(636,734)	(636,734)
Transfers from reserves	4	4,803,533	(4,803,533)	0	0
Transfers to reserves	4	(2,112,132)	2,112,132	0	0
Balance as at 30 June 2020		222,322,634	14,531,763	295,862,578	532,716,975
Comprehensive income					
Net result for the period		8,814,700	0	0	8,814,700
Other comprehensive income	14	0	0	(774,140)	(774,140)
Total comprehensive income		8,814,700	0	(774,140)	8,040,560
Net Transfers from Trust	4	0	182,649	0	182,649
Transfers from reserves	4	3,672,974	(3,672,974)	0	0
Transfers to reserves	4	(12,470,107)	12,470,107	0	0
Balance as at 30 June 2021		222,340,202	23,511,544	295,088,438	540,940,184

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

CITY OF KALAMUNDA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates	38,192,786	37,731,300	37,416,593
Operating grants and subsidies	2,414,801	983,618	2,600,588
Contributions, Reimbursements and Donations	1,139,357	495,030	4,944,018
Fees and charges	12,326,478	14,561,645	11,399,584
Interest received	622,173	369,046	800,329
Goods and services tax received	3,789,887	2,037,675	4,001,507
Other revenue	908,045	45,500	36,148
	<u>59,393,527</u>	<u>56,223,814</u>	<u>61,198,767</u>
Payments			
Employee costs	(24,291,286)	(24,025,535)	(24,734,713)
Materials and contracts	(18,004,588)	(19,428,388)	(21,958,896)
Utility charges	(1,965,822)	(1,935,903)	(1,920,612)
Interest expenses	(266,981)	(274,842)	(265,469)
Insurance paid	(605,809)	(608,212)	(591,118)
Goods and services tax paid	(731,869)	(278,392)	(594,316)
Other expenditure	(308,286)	(195,072)	(1,567,604)
	<u>(46,174,641)</u>	<u>(46,746,344)</u>	<u>(51,632,728)</u>
Net cash provided by (used in) operating activities	21	13,218,886	9,566,039
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	9(a)	(9,380,684)	(14,982,285)
Payments for construction of infrastructure	10(a)	(9,802,680)	(23,322,840)
Payments for intangible assets		(98,969)	0
Non-operating grants, subsidies and contributions		11,839,582	17,917,612
Proceeds from financial assets at amortised cost - self supporting loans		11,737	11,736
Proceeds from sale of property, plant & equipment	11(a)	158,044	0
Dividends Received		0	803,210
Net cash provided by (used in) investment activities		<u>(7,272,970)</u>	<u>(20,375,777)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	19(a)	(1,027,692)	(945,194)
Payments for principal portion of lease liabilities	18(b)	(33,229)	0
Proceeds from new borrowings	19(a)	3,053,100	3,053,100
Net cash provided by (used in) financing activities		<u>1,992,179</u>	<u>2,107,906</u>
Net increase (decrease) in cash held		7,938,095	(8,790,401)
Cash at beginning of year		24,196,351	16,417,338
Cash and cash equivalents at the end of the year		<u>32,134,446</u>	<u>7,626,937</u>
		<u>7,626,937</u>	<u>24,196,351</u>

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

CITY OF KALAMUNDA
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	31(b)	6,619,571	3,470,822	246,491
		6,619,571	3,470,822	246,491
Revenue from operating activities (excluding rates)				
Governance		30	20,000	27,753
General purpose funding		3,342,771	1,766,528	3,698,050
Law, order, public safety		529,599	501,433	444,421
Health		904,419	846,849	878,374
Education and welfare		57,473	30,750	64,508
Community amenities		12,995,652	12,410,030	12,539,229
Recreation and culture		1,907,809	1,023,381	2,071,774
Transport		65,989	30,000	41,498
Economic services		1,062,622	1,201,433	250,127
Other property and services		803,839	179,526	4,008,282
		21,670,203	18,009,930	24,024,016
Expenditure from operating activities				
Governance		(3,065,048)	(3,156,199)	(3,960,937)
General purpose funding		(660,329)	(684,556)	(616,834)
Law, order, public safety		(2,222,439)	(1,983,733)	(2,094,144)
Health		(1,653,135)	(1,622,855)	(1,652,827)
Education and welfare		(351,869)	(297,420)	(382,309)
Community amenities		(15,284,387)	(15,172,937)	(15,456,757)
Recreation and culture		(20,590,203)	(17,333,531)	(19,688,078)
Transport		(13,399,732)	(13,143,035)	(13,492,965)
Economic services		(1,331,667)	(1,309,950)	(1,227,207)
Other property and services		(3,343,449)	(991,079)	(9,535,033)
		(61,902,258)	(55,695,295)	(68,107,091)
Non-cash amounts excluded from operating activities	31(a)	14,025,825	9,928,841	16,347,813
Amount attributable to operating activities		(19,586,660)	(24,285,703)	(27,488,771)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	10,907,932	17,917,612	7,354,821
Proceeds from disposal of assets	11(a)	158,044	0	206,465
Proceeds from financial assets at amortised cost - self supporting loans		11,737	11,736	30,077
Purchase of property, plant and equipment	9(a)	(9,380,684)	(14,982,285)	(4,124,781)
Purchase and construction of infrastructure	10(a)	(9,802,680)	(23,322,840)	(13,273,035)
Dividends Received		0	0	803,210
Payments for intangible assets		(98,969)	0	(273,427)
		(8,204,620)	(20,375,777)	(9,276,670)
FINANCING ACTIVITIES				
Repayment of borrowings	19(a)	(1,027,692)	(945,194)	(672,153)
Proceeds from borrowings	19(a)	3,053,100	3,053,100	3,707,000
Payments for principal portion of lease liabilities	18(b)	(33,229)	0	0
Transfers to reserves (restricted assets)	4	(12,470,107)	(5,553,000)	(2,112,132)
Transfers from reserves (restricted assets)	4	3,672,974	10,638,625	4,803,533
Amount attributable to financing activities		(6,804,953)	7,193,531	5,726,248
Surplus/(deficit) before imposition of general rates		(34,596,234)	(37,467,949)	(31,039,196)
Total amount raised from general rates	30(a)	38,138,823	37,574,617	37,658,767
Surplus/(deficit) after imposition of general rates	31(b)	3,542,590	106,668	6,619,571

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

**CITY OF KALAMUNDA
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FOR THE YEAR ENDED 30 JUNE 2021**

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**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

1. BASIS OF PREPARATION

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

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

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 35 to these financial statements.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

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

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

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

- Employee expenses
- Land held for resale
- Other financial assets
- Property, Plant and Equipment
- Infrastructure
- Intangible assets
- Right-of-use assets
- Lease liabilities
- Borrowing liabilities
- Provisions

CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants and subsidies			
General purpose funding	2,423,880	1,134,128	2,442,960
Law, order, public safety	166,643	184,240	131,520
Education and welfare	5,707	3,250	9,061
Community amenities	56,651	5,000	3,805
Recreation and culture	147,341	27,000	6,440
Transport	28,757	30,000	28,089
Other property and services	32,367	0	0
	<u>2,861,346</u>	<u>1,383,618</u>	<u>2,621,875</u>
Contributions, Reimbursements and Donations			
Governance	30	20,000	27,753
General purpose funding	37,925	38,280	38,180
Law, order, public safety	14,001	5,889	14,892
Health	1,392	0	0
Community amenities	13,825	6,000	44,751
Recreation and culture	571,045	363,361	1,009,076
Transport	25,082	0	13,410
Other property and services	476,057	61,500	3,795,954
	<u>1,139,357</u>	<u>495,030</u>	<u>4,944,018</u>
Non-operating grants, subsidies and contributions			
Law, order, public safety	0	0	28,284
Recreation and culture	5,644,815	8,138,000	2,093,987
Transport	3,113,602	4,767,333	3,619,778
Other property and services	2,149,515	5,012,279	1,612,772
	<u>10,907,932</u>	<u>17,917,612</u>	<u>7,354,821</u>
Total grants, subsidies and contributions	<u>14,908,635</u>	<u>19,796,260</u>	<u>14,920,714</u>
Fees and charges			
General purpose funding	60,890	74,817	218,897
Law, order, public safety	295,736	278,304	261,120
Health	900,727	845,349	885,558
Education and welfare	51,766	27,500	55,447
Community amenities	12,925,176	12,399,030	12,490,673
Recreation and culture	1,189,423	633,020	1,056,258
Transport	12,136	0	0
Economic services	433,731	193,025	250,127
Other property and services	246,780	110,600	183,011
	<u>16,116,365</u>	<u>14,561,645</u>	<u>15,401,091</u>

In addition to the fees and charges adopted during the original budget process 2020/2021 the following news fees were introduced.

Description	Basis of Charge	Fees and Charges for 2020-2021 (Inc. GST where applicable)
Development bond fee for bond amounts less than \$5,000	per application	\$120.90
Development bond fee for bond amounts \$5,000 and greater	per application	\$311.50
Development bond inspection fee for additional inspections	per inspection	\$107.60
Weekly downloadable Education Programme film and associated worksheets	per week	\$110.00

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

2. REVENUE AND EXPENSES (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

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

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.

(a) Revenue (Continued)

Contracts with customers and transfers for recognisable non-financial assets

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Fees and charges	16,116,365	14,561,645	15,401,091
Other revenue	58,086	45,500	36,145
Non-operating grants, subsidies and contributions	10,907,932	17,917,612	7,354,821
	<u>27,082,383</u>	<u>32,524,757</u>	<u>22,792,057</u>

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

Revenue from contracts with customers recognised during the year	16,174,451	14,607,145	15,437,236
Revenue from transfers intended for acquiring or constructing recognisable non financial assets held as a liability at the start of the period	2,214,705	0	2,080,167
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	8,693,227	17,917,612	5,274,654
	<u>27,082,383</u>	<u>32,524,757</u>	<u>22,792,057</u>

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

Grant liabilities from transfers for recognisable non financial assets	3,146,351		2,214,705
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Contract assets primarily relate to the City's right to consideration for work completed but not billed at 30 June 2021.

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

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

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

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

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

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	38,138,823	37,574,617	37,658,767
Statutory permits and licences	720,259	720,259	810,712
Fines	37,049	60,000	51,803
Developer contributions	2,149,515	5,012,279	1,612,772
Open space contributions	907,298	0	0
	<u>41,952,944</u>	<u>43,367,155</u>	<u>40,134,054</u>

Other revenue

Other	58,086	45,500	36,145
	<u>58,086</u>	<u>45,500</u>	<u>36,145</u>

Interest earnings

Financial assets at amortised cost - self supporting loans	5,402	6,426	8,102
Interest on reserve funds	54,850	48,000	104,883
Rates instalment and penalty interest	461,380	169,620	506,406
Other interest earnings	100,540	145,000	180,938
	<u>622,173</u>	<u>369,046</u>	<u>800,329</u>

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

(b) Expenses

Auditors remuneration

	2021 Actual \$	2021 Budget \$	2020 Actual \$
- Audit of the Annual Financial Report	49,500	40,000	40,000
- Other services	10,583	42,000	73,940
	<u>60,083</u>	<u>82,000</u>	<u>113,940</u>

Interest expenses (finance costs)

Borrowings	19(a) 266,302	274,842	265,469
Lease liabilities	18(b) 678	0	0
	<u>266,981</u>	<u>274,842</u>	<u>265,469</u>

Other expenditure

Sundry expenses	308,286	195,072	1,567,604
	<u>308,286</u>	<u>195,072</u>	<u>1,567,604</u>

CITY OF KALAMUNDA
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

REVENUE RECOGNITION POLICY								
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	Timing of revenue recognition
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.
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued.
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.
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.
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled.
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.
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annual fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle.
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.
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.
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.
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within agreed period	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.
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.
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.
Sale of stock	Kiosk and visitor centre stock	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.
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.

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

3. CASH AND CASH EQUIVALENTS

NOTE	2021 \$	2020 \$
Cash on Hand - Unrestricted	5,690	5,690
Cash at Bank	32,128,756	24,190,661
Total cash and cash equivalents	32,134,446	24,196,351
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	26,095,278	15,889,724
- Financial assets at amortised cost	3,387,717	3,363,744
	29,482,995	19,253,468
The restricted assets are a result of the following specific purposes to which the assets may be used:		
Reserves - cash/financial asset backed	4 23,511,544	14,531,763
Grants to acquire or construct recognisable non financial assets to be controlled by the City	16 3,146,351	2,214,705
Unspent loans	19(d) 2,825,100	2,507,000
Total restricted assets	29,482,995	19,253,468

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 and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Restricted assets

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

CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

4. RESERVES - CASH/FINANCIAL ASSET BACKED	2021 Actual	2021 Actual	2021 Actual	2021 Actual Net	2021 Actual	2021 Budget	2021 Budget	2021 Budget	2021 Budget	2020 Actual	2020 Actual	2020 Actual	2020 Actual
	Opening Balance	Transfer to	Transfer (from)	Transfers from Trust Accounts	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance
	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Long Service Leave Reserve	982,101	3,870	0	0	985,971	980,288	3,018	0	983,306	975,756	6,345	0	982,101
(b) Land and Property Enhancement and Maintenance Reserve	1,434,122	854,003	(1,400,000)	0	888,125	1,433,460	4,413	(1,400,000)	37,873	1,637,323	10,785	(213,985)	1,434,122
(c) Waste Management Reserve	3,121,555	2,678,807	(512,257)	0	5,288,105	2,405,803	7,406	(1,000,000)	1,413,209	1,882,061	1,239,494	0	3,121,555
(d) EDP IT Equipment Reserve	878,047	302,543	(700,000)	0	480,590	877,670	2,702	(700,000)	180,372	945,039	6,149	(73,142)	878,047
(e) Local Government Elections Reserve	1,040	70,526	0	0	71,566	100,802	310	0	101,112	130,196	845	(130,000)	1,040
(f) HACC Reserve	0	0	0	0	0	0	0	0	0	19,113	0	(19,113)	0
(g) Forrestfield Industrial Area Reserve	124,141	490	0	0	124,631	123,910	381	0	124,291	123,338	803	0	124,141
(h) Insurance Contingency Reserve	284,073	964	(100,000)	0	185,037	283,551	873	(100,000)	184,424	282,240	1,833	0	284,073
(i) Revaluation Reserve	303,665	673	(100,000)	0	204,338	173,563	534	(100,000)	74,097	257,367	46,298	0	303,665
(j) Nominated Employee Leave Provisions Reserve	1,988,207	7,729	(185,000)	0	1,810,935	1,987,437	6,118	(185,000)	1,808,555	1,928,479	59,728	0	1,988,207
(k) Forrestfield Industrial Scheme Stage 1 Reserve (Note 16)	401,406	1,025,048	(175,089)	0	1,251,365	271,871	690,837	(185,000)	777,708	1,382,439	601,839	(1,582,872)	401,406
(l) Asset Enhancement Reserve	1,100,384	3,810,494	0	0	4,910,878	1,011,670	2,303,114	(3,285,000)	29,784	1,259,273	96,399	(255,288)	1,100,384
(m) Unexpended Capital Works and Specific Purpose Grants Reserve	3,415,163	2,637,727	0	0	6,052,890	3,412,875	10,506	(3,412,875)	10,506	5,726,181	37,236	(2,348,254)	3,415,163
(n) Waste Avoidance and Resource Recovery Reserve	428,565	501,403	0	0	929,967	428,323	516,318	(210,000)	734,641	605,510	3,935	(180,880)	428,565
(o) Environmental Reserve	69,292	272	0	0	69,564	101,664	313	(60,750)	41,227	68,849	443	0	69,292
(p) Public Art Reserve	0	8,901	0	0	8,901	0	0	0	0	0	0	0	0
(q) Strategic Sport and Recreation Reserve	0	0	0	0	0	326	1	0	327	0	0	0	0
(r) Crisis Relief Fund	0	500,628	(500,628)	0	0	0	1,003,078	0	1,003,078	0	0	0	0
(s) Service Reinstatement Reserve	0	0	0	0	0	0	1,003,078	0	1,003,078	0	0	0	0
(t) Public Open Space Funds Reserve	0	66,029	0	182,649	248,678	0	0	0	0	0	0	0	0
	14,531,763	12,470,107	(3,672,974)	182,649	23,511,544	13,593,213	5,553,000	(10,638,625)	8,507,588	17,223,164	2,112,132	(4,803,533)	14,531,763

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

4. RESERVES - CASH/FINANCIAL ASSET BACKED (Continued)

In accordance with Council resolutions 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	Anticipated date of use	Purpose of the reserve
(a) Long Service Leave Reserve	Ongoing	To provide cash-backing for all long service leave entitlements.
(b) Land and Property Enhancement and Maintenance Reserve	Ongoing	To fund land and property purchases, upgrade and maintenance of existing properties.
(c) Waste Management Reserve	Ongoing	To fund financing operations for the development of the City's sanitation service.
(d) EDP IT Equipment Reserve	Ongoing	To fund the upgrade / replacement of the City's computer hardware and software requirements.
(e) Local Government Elections Reserve	Ongoing	To fund the cost of future elections.
(f) HACC Reserve	Discontinued	This Reserve funded HACC Service Programmes and Asset replacements.
(g) Forrestfield Industrial Area Reserve	Ongoing	To fund infrastructure requirements for the Forrestfield area.
(h) Insurance Contingency Reserve	Ongoing	To fund insurance premium variations and potential call backs.
(i) Revaluation Reserve	Ongoing	To fund triennial rating revaluations.
(j) Nominated Employee Leave Provisions Reserve	Ongoing	To fund future nominated staff leave entitlements.
(k) Forrestfield Industrial Scheme Stage 1 Reserve (Note 16)	Ongoing	The reserve is established to meet the City's reporting obligation under clause 6.5.16 of the City of Kalamunda Local Planning Scheme No. 3. The funds that were managed under the Trust for the scheme were transferred to the newly established reserve on 23rd June 2015. The reserve will be maintained to reflect all transactions related to the scheme for the benefit of the scheme members.*
(l) Asset Enhancement Reserve	Ongoing	To fund future replacement of City's Infrastructure and plant and equipment needs.
(m) Unexpended Capital Works and Specific Purpose Grants Reserve	Ongoing	To carry forward available funding for uncompleted projects and specific purpose grants, that will be completed and expended in ensuing financial years.
(n) Waste Avoidance and Resource Recovery Reserve	Ongoing	Any surplus raised in the year for the purpose of managing the contaminated sites will be placed in the reserve for utilisation in future years.
(o) Environmental Reserve	Ongoing	To fund environment strategies and projects.
(p) Public Art Reserve	Ongoing	To fund future Public Art projects.
(q) Strategic Sport and Recreation Reserve	Ongoing	To fund future Strategic Sport and Recreation capital projects.
(r) Crisis Relief Fund	Ongoing	To pay for demonstrable COVID-19 financial hardship experienced by targeting community members/groups.
(s) Service Reinstatement Reserve	Ongoing	To pay to bring programs or services back into the budget as and if required or as restrictions are lifted and to support recovery.
(t) Public Open Space Funds Reserve	Ongoing	To hold funds received for the development and maintenance of Public Open Spaces.**

* A Capital Grant Liability has been recognised under note 16 for this balance on 1 July 2019 due to the initial application of AASB 1058.

** With effect from 12 September 2020 amendment to section 154 of the Planning and Development Act 2005 resulted the City creating the Public Open Space Funds Reserve to record all cash in lieu contributions received for Public Open Space.

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Term deposits

Self supporting loans (i)

(b) Non-current assets

Financial assets at amortised cost

Financial assets at fair values through other comprehensive income

Financial assets at amortised cost

- Self supporting loans (i)

Financial assets at fair values through other comprehensive income

- Investments in Unit Trusts (ii)

	2021	2020
	\$	\$
	3,400,131	3,394,524
	3,400,131	3,394,524
	3,387,717	3,363,744
	12,414	30,780
	3,400,131	3,394,524
	71,479	83,893
	147,614	142,442
	219,093	226,335
	71,479	83,893
	71,479	83,893
	147,614	142,442
	147,614	142,442

(i) Self supporting loans

An amount of money raised by the City in its own name through a specific loan for a period no longer than 10 years and provided to an approved community group or sporting club through a Self-Supporting Loan Agreement.

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 18(a) as self supporting loans.

(ii) Investments In Unit Trusts

The Local Government House Trust is a unit trust created for the purpose of providing building accommodation to the Western Australian Local Government Association (WALGA).

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

The City classifies the following financial assets at fair value through profit and loss:

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 32.

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

6. TRADE AND OTHER RECEIVABLES

(a) Current

Rates receivable
Trade and other receivables
GST receivable

(b) Non-current

Pensioner's rates and ESL deferred

	2021	2020
	\$	\$
Rates receivable	3,628,212	3,069,013
Trade and other receivables	533,731	305,767
GST receivable	639,153	420,572
	<u>4,801,096</u>	<u>3,795,352</u>
Pensioner's rates and ESL deferred	906,090	866,115
	<u>906,090</u>	<u>866,115</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 32.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

7. INVENTORIES

(a) Current

Fuel and materials

(b) Non-current

Land held for resale - cost

Cost of acquisition

Development costs

The following movements in inventories occurred during the year:

Balance at beginning of year

Net Additions to inventory

Balance at end of year

	2021	2020
	\$	\$
	123,756	123,249
	123,756	123,249
	370,021	370,021
	16,046	16,046
	386,067	386,067
	509,316	502,889
	507	6,427
	509,823	509,316

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.

Land held for resale

Land held for development and resale 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.

Land held for resale (Continued)

Borrowing 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 onto the buyer at this point.

Land held for resale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

8. OTHER ASSETS

(a) Other assets - current

Prepayments

Accrued income

(b) Other Assets - Non-current

Prepayments

	2021	2020
	\$	\$
	393,452	295,342
	1,392	8,294
	394,844	303,636
	79,331	158,663
	79,331	158,663

SIGNIFICANT ACCOUNTING POLICIES

Other assets

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

CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Improvements to Land - vested in and under the control of Council	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Public Art Works	Work in Progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	62,876,000	2,883,100	80,772,168	146,531,268	412,364	4,837,274	0	397,556	152,178,462
Additions	0	0	1,019,704	1,019,704	48,632	1,378,800	0	1,677,645	4,124,781
Transfers from Work in Progress	0	0	32,327	32,327	0	0	0	(32,327)	0
(Disposals)	0	0	(2,175,881)	(2,175,881)	4,167	(252,984)	0	0	(2,424,698)
Revaluation increments / (decrements) transferred to revaluation surplus	(29,858,999)	1,285,251	(4,155,145)	(32,728,893)	0	0	1,152,900	0	(31,575,993)
Depreciation (expense)	0	0	(1,681,203)	(1,681,203)	(72,181)	(589,616)	0	0	(2,343,000)
Transfers	0	852,000	0	852,000	0	0	0	0	852,000
Balance at 30 June 2020	33,017,001	5,020,351	73,811,969	111,849,320	392,982	5,373,474	1,152,900	2,042,874	120,811,550
Comprises:									
Gross balance amount at 30 June 2020	33,017,000	5,020,351	73,811,969	111,849,320	2,731,500	5,949,074	1,152,900	2,042,874	123,725,668
Accumulated depreciation at 30 June 2020	0	0	0	0	(2,338,518)	(575,600)	0	0	(2,914,118)
Balance at 30 June 2020	33,017,000	5,020,351	73,811,969	111,849,320	392,982	5,373,474	1,152,900	2,042,874	120,811,550
Additions	0	0	898,302	898,302	13,116	2,260,355	0	6,208,911	9,380,684
Transfers from Work in Progress	0	0	70,974	70,974	0	0	0	(312,783)	(241,809)
(Disposals)	0	0	(51,583)	(51,583)	0	(545,824)	0	0	(597,407)
Depreciation (expense)	0	(67,749)	(3,134,129)	(3,201,878)	(53,424)	(797,360)	0	0	(4,052,661)
Balance at 30 June 2021	33,017,000	4,952,602	71,595,534	109,565,136	352,673	6,290,645	1,152,900	7,939,002	125,300,356
Comprises:									
Gross balance amount at 30 June 2021	33,017,000	5,020,351	74,663,346	112,700,697	1,836,232	7,583,829	1,152,900	7,939,002	131,212,660
Accumulated depreciation at 30 June 2021	0	(67,749)	(3,067,812)	(3,135,561)	(1,483,559)	(1,293,184)	0	0	(5,912,304)
Balance at 30 June 2021	33,017,000	4,952,602	71,595,534	109,565,136	352,673	6,290,645	1,152,900	7,939,002	125,300,356

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	Level 2	Market approach using recent observable market data for similar assets	Independent registered valuer	June 2020	Average price for square meter / sales proceeds of comparable properties.
Improvements to Land - vested in and under the control of Council	Level 3	Improvements to land valued using cost approach using current replacement cost	Independent registered valuer	June 2020	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Buildings - specialised	Level 3	Improvements to building valued using cost approach using current replacement cost	Independent registered valuer	June 2020	Improvements to building using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
(ii) Cost					
Furniture and equipment	Level 3	Cost approach using current replacement cost	Management Valuation	June 2019	Purchase cost and current condition, residual values and remaining useful life assessments inputs.
Plant and equipment	Level 3	Cost approach using current replacement cost	Management Valuation	June 2019	Purchase cost and current condition, residual values and remaining useful life assessments inputs.

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

CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

10. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drains	Infrastructure - Parks and Ovals	Infrastructure - Other	Work in Progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	181,496,802	27,348,256	125,648,820	11,950,634	17,017,636	5,578,040	369,040,188
Additions	8,358,263	729,743	432,635	1,206,061	528,829	2,017,504	13,273,035
(Disposals)	(179,558)	(37,656)	(276,929)	(131,549)	(344,929)	0	(970,622)
Transfers from Work in Progress	2,793,913	8,594	21,883	12,166	0	(2,836,556)	0
Depreciation (expense)	(4,460,163)	(967,141)	(1,568,990)	(1,028,349)	(878,546)	0	(8,903,189)
Transfers	0	0	0	0	(852,000)	(58,052)	(910,052)
Balance at 30 June 2020	188,009,258	27,081,795	124,257,419	12,008,962	15,470,989	4,700,937	371,529,361
Comprises:							
Gross balance at 30 June 2020	196,705,096	28,939,840	127,086,741	13,579,738	16,847,647	4,700,937	387,860,000
Accumulated depreciation at 30 June 2020	(8,695,838)	(1,858,045)	(2,829,322)	(1,570,776)	(1,376,658)	0	(16,330,639)
Balance at 30 June 2020	188,009,258	27,081,795	124,257,419	12,008,962	15,470,989	4,700,937	371,529,361
Additions	3,259,039	901,286	331,312	1,808,400	296,500	3,206,142	9,802,680
Transfers from Work in Progress	1,663,262	376,826	69,541	224,265	0	(2,348,448)	(14,553)
(Disposals)	(20,095)	(13,069)	(4,347)	(17,893)	(22,502)	0	(77,907)
Depreciation (expense)	(4,617,417)	(999,861)	(1,594,150)	(1,025,214)	(903,564)	0	(9,140,206)
Balance at 30 June 2021	188,294,047	27,346,977	123,059,776	12,998,520	14,841,424	5,558,631	372,099,374
Comprises:							
Gross balance at 30 June 2021	201,601,644	30,157,759	127,479,858	15,573,683	17,095,136	5,558,631	397,466,711
Accumulated depreciation at 30 June 2021	(13,307,597)	(2,810,783)	(4,420,082)	(2,575,163)	(2,253,712)	0	(25,367,337)
Balance at 30 June 2021	188,294,047	27,346,976	123,059,776	12,998,520	14,841,424	5,558,631	372,099,374

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

10 INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - Roads	Level 3	Cost approach using current replacement cost	Independent valuation	June 2018	Observable input based on depreciation replacement cost (Level 3)
Infrastructure - Footpaths	Level 3	Cost approach using current replacement cost	Independent valuation	June 2018	Observable input based on depreciation replacement cost (Level 3)
Infrastructure - Drains	Level 3	Cost approach using current replacement cost	Independent valuation	June 2018	Observable input based on depreciation replacement cost (Level 3)
Infrastructure - Parks and Ovals	Level 3	Cost approach using current replacement cost	Independent valuation	June 2018	Observable input based on depreciation replacement cost (Level 3)
Infrastructure - Other	Level 3	Cost approach using current replacement cost	Independent valuation	June 2018	Observable input based on depreciation replacement cost (Level 3)

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

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

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

The fair value of land, buildings and infrastructure 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.

**AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY
Revaluation (Continued)**

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

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

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

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

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

11. FIXED ASSETS (Continued)

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds*	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sales Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds/ Revaluation Surplus**	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings - specialised	51,583	0	0	(51,583)	0	0	0	0	2,175,881	636,734	0	(1,539,147)
Furniture and equipment	0	0	0	0	0	0	0	0	(4,167)	0	0	4,167
Plant and equipment	113,980	155,679	41,699	0	0	0	0	0	151,937	90,646	0	(61,291)
Plant and equipment - other	431,844	259,726		(172,118)	0	0	0	0	101,047	115,819	14,771	0
Infrastructure - Roads	20,095	0	0	(20,095)	0	0	0	0	179,558	0	0	(179,558)
Infrastructure - Footpaths	13,069	0	0	(13,069)	0	0	0	0	37,656	0	0	(37,656)
Infrastructure - Drains	4,347	0	0	(4,347)	0	0	0	0	276,929	0	0	(276,929)
Infrastructure - Parks and Ovals	17,893	0	0	(17,893)	0	0	0	0	131,549	0	0	(131,549)
Infrastructure - Other	22,502	0	0	(22,502)	0	0	0	0	344,929	0	0	(344,929)
	675,314	415,405	41,699	(301,608)	0	0	0	0	3,395,320	843,199	14,771	(2,566,892)

- * Total cash proceeds received from the disposal of fixed assets during 2020/2021 - \$158,044.
The balance \$257,361 (\$415,405-\$158,044) represents the asset trade in values received from disposals.
- ** Total cash proceeds received from the disposal of fixed assets during 2019/2020 - \$206,465.

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Governance	28,585	17,402	0	(11,183)
Community amenities	18,170	8,180	0	(9,990)
Recreation and culture	36,000	18,166	0	(17,834)
Other property and services	463,069	371,657	41,699	(133,111)
	545,824	415,405	41,699	(172,118)
Other Asset class				
Program				
Recreation and culture	51,583	0	0	(51,583)
Transport	77,907	0	0	(77,907)
	129,490	0	0	(129,490)
	675,314	415,405	41,699	(301,608)

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

11. FIXED ASSETS (Continued)

(b) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Improvements to Land - vested in and under the control of Council	67,749	0	0
Buildings - specialised	3,134,129	1,640,906	1,681,203
Furniture and equipment	53,424	285,113	72,181
Plant and equipment	797,360	580,467	589,616
Infrastructure - Roads	4,617,417	4,302,572	4,460,163
Infrastructure - Footpaths	999,861	936,368	967,141
Infrastructure - Drains	1,594,150	1,548,354	1,568,990
Infrastructure - Parks and Ovals	1,025,214	860,867	1,028,349
Infrastructure - Other	903,564	831,979	878,546
Right-of-use assets - plant and equipment	33,319	0	0
Intangible assets - computer software	101,542	0	70,533
	13,327,727	10,986,626	11,316,721

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Depreciation on revaluation

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

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

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

11. FIXED ASSETS (Continued)

Depreciation rates

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

Asset Class	Useful life
Furniture and equipment	5 to 10 years
Plant and equipment	5 to 20 years
Intangible Assets	5 years

Buildings

Component	Useful Life
Sub-Structure	18-90
Super-Structure	15-75
Roof Structure	15-75
Roof Cladding	12-60
Fitouts & Fittings	10-38
Fitouts (Floor Coverings)	8-30
Services (Mechanical)	10-38
Services (Electrical)	10-38
Services (Fire)	10-38
Services (Transport)	48-60
Services (Hydraulics)	10-38
Services (Security)	30-38
Site Infrastructure	40

Infrastructure

Category	Component	Material	Useful Life
Roads	Surface	Cement	50
		Brick Paving	50
		Asphalt	25
		Single Seal	20
	Pavement Base	Laterite	60
		Rock base	60
	Pavement Sub Base	Limestone	120
Footpaths		Concrete	50
		Brick Paving	50
		Gravel	50
		Asphalt	25
		Timber	15
Drainage Pipes	Stormwater	Concrete	80
	Subsoil	PVC	60
Drainage Pits	Stormwater	Concrete	80
		Stone	100
	Weirs	Mortared	
Parks and Gardens		including playground equipment	10 to 50

Amortisation

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

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

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

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

12. LEASES

Right-of-Use Assets

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

	<u>Right-of-use assets - plant and equipment</u>	<u>Right-of-use assets Total</u>
	\$	
Balance at 30 June 2020	0	0
Additions	134,011	134,011
Depreciation (expense)	(33,319)	(33,319)
Balance at 30 June 2021	<u>100,692</u>	<u>100,692</u>

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

	<u>2021 Actual</u>	<u>2020 Actual</u>
	\$	\$
Depreciation expense on lease liabilities	33,319	0
Interest expense on lease liabilities	678	0
Low-value asset lease payments recognised as expense	62,112	90,722
Total amount recognised in the statement of comprehensive income	<u>96,109</u>	<u>90,722</u>
Total cash outflow from leases	(32,551)	0

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - valuation

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

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

Right-of-use assets - depreciation

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

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

13. INTANGIBLE ASSETS

	2021 Actual \$	2020 Actual \$
Computer Software		
Non-current		
Computer software	899,852	793,537
Less: accumulated depreciation	(558,021)	(456,479)
	341,831	337,058
 Movements in balances of computer software during the financial year are shown as follows:		
Balance at 30 June	337,058	109,555
Additions	106,315	105,437
Movement in accumulated amortisation expense due to assets write off	0	192,599
Amortisation expense	(101,542)	(70,533)
Balance at 30 June	341,831	337,058
 Intangible Assets Work In Progress	521,554	528,900
TOTAL INTANGIBLE ASSETS	863,385	865,958

SIGNIFICANT ACCOUNTING POLICIES

Computer software

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

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software.
- it can be demonstrated how the software will generate probable future economic benefits;

Computer software (continued)

- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

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

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

CITY OF KALAMUNDA
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

14. REVALUATION SURPLUS

	2021 Opening	2021 Revaluation	2021 Revaluation	Total Movement on	2021 Closing	2020 Opening	2020 Revaluation	2020 Revaluation	2020 Revaluation Transfers /	Total Movement on	2020 Closing
	Balance	Increment	(Decrement)	Revaluation	Balance	Balance	Increment	(Decrement)	Reallocations	Revaluation	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land and improvements to Land - vested in and under the control of Council	32,334,929	0	0	0	32,334,929	60,628,646	1,285,251	(29,858,999)	280,031	(28,293,717)	32,334,929
Revaluation surplus - Buildings - specialised	59,896,897	0	0	0	59,896,897	64,688,776	0	(4,155,145)	(636,734)	(4,791,879)	59,896,897
Revaluation surplus - Plant and equipment	570,669	0	0	0	570,669	570,669	0	0	0	0	570,669
Revaluation surplus - Public Art Works	1,152,900	0	0	0	1,152,900	0	1,152,900	0	0	1,152,900	1,152,900
Revaluation surplus - Infrastructure	200,848,340	0	0	0	200,848,340	201,140,743	0	0	(292,403)	(292,403)	200,848,340
Revaluation surplus - EMRC Asset Valuations	916,396	0	(779,312)	(779,312)	137,084	776,180	140,216	0	0	140,216	916,396
Revaluation surplus - Local Government House Investment	142,443	5,172	0	5,172	147,615	127,766	2,305	0	12,372	14,677	142,443
	295,862,578	5,172	(779,312)	(774,140)	295,088,438	327,932,784	2,580,672	(34,014,144)	(636,734)	(32,070,206)	295,862,578

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.

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

15. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Prepaid rates	
Accrued salaries and wages	
Bonds and deposits held	
Income in Advance	
Accrued interest on long term borrowings	
Accrued Expenses	
Retention Money	

	2021	2020
	\$	\$
Sundry creditors	5,220,111	3,639,996
Prepaid rates	2,464,112	2,014,281
Accrued salaries and wages	322,134	223,196
Bonds and deposits held	1,866,550	1,966,817
Income in Advance	172,414	19,614
Accrued interest on long term borrowings	81,531	87,292
Accrued Expenses	411,310	480,926
Retention Money	103,213	3,213
	10,641,375	8,435,334

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition

Prepaid rates

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

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

16. CAPITAL GRANT LIABILITIES

Current

Liabilities under transfers to acquire or construct non-financial assets to be controlled by the City (i)
Forrestfield Industrial Area Scheme Stage 1 (ii)

2021	2020
\$	\$
1,894,985	1,813,298
1,251,366	401,407
<u>3,146,351</u>	<u>2,214,705</u>

Reconciliation

(i) Capital grants received from State and Commonwealth Government

Balance at the start of the year
Re-measurement under AASB 1058
Restated balance at the start of the year
Net Movement during the financial year
Balance at the end of the year

1,813,298	0
0	697,727
1,813,298	697,727
81,687	1,115,571
<u>1,894,985</u>	<u>1,813,298</u>

(ii) Forrestfield Industrial Area Scheme Stage 1

Balance at the start of the year
Re-measurement under AASB 1058
Restated balance at the start of the year
Net Movement during the financial year
Balance at the end of the year

401,407	0
0	1,382,439
401,407	1,382,439
849,959	(981,032)
<u>1,251,366</u>	<u>401,407</u>

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

Capital grant liabilities are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

\$
<u>3,146,351</u>
<u>3,146,351</u>

SIGNIFICANT ACCOUNTING POLICIES

Capital Grant Liabilities

Capital Grant Liabilities primarily relates to grants with performance obligations received in advance.

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

Forrestfield Industrial Area Scheme Stage 1

A reserve is established to meet the City's reporting obligation under clause 6.5.16 of the City of Kalamunda Local Planning Scheme No. 3. The funds that were managed under the Trust for the scheme were transferred to the newly established reserve on 23rd June 2015. The reserve will be maintained to reflect all transactions related to the scheme for the benefit of the scheme members.

17. OTHER LIABILITIES

Non-current

Deferred Salary Scheme - Employee Contribution

10,945	0
<u>10,945</u>	<u>0</u>

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

18. LEASE LIABILITIES

(a) Lease Liabilities

	2021	2020
	\$	\$
Current	44,711	0
Non-current	56,071	0
	100,782	0

(b) Movements in Carrying Amounts

Purpose	Lease Number	Lease Institution	Lease Interest Rate	Lease Term	Actual Lease Principal	30 June 2021 Actual New Leases	30 June 2021 Actual Lease Principal Repayments	30 June 2021 Actual Lease Principal Outstanding	30 June 2021 Actual Lease Interest Repayments	Budget Lease Principal	30 June 2021 Budget New Leases	30 June 2021 Budget Lease Principal Repayments	30 June 2021 Budget Lease Principal Outstanding	30 June 2021 Budget Lease Interest Repayments
					1 July 2020					1 July 2020				
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other property and services														
Photocopiers and printers lease	COK011020	Vestone Capital Pty Limited	0.74%	3 years	0	134,011	(33,229)	100,782	678	0	0	0	0	0
					0	134,011	(33,229)	100,782	678	0	0	0	0	0

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.

CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

19. INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

Particulars	Loan Number	Institution*	Interest Rate	Actual	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Budget	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Actual	30 June 2020	30 June 2020	30 June 2020	30 June 2020
				Principal 1 July 2020	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Principal 1 July 2020	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Principal 1 July 2019	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
Community amenities				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land Acquisition Kalamunda Road	224	WATC	5.58%	96,192	0	(96,193)	1,125	0	96,193	0	(96,193)	2,684	0	280,815	0	(184,623)	10,181	96,192
Depot Waste Trucks	228	WATC	5.63%	809,300	0	(51,704)	44,110	757,596	809,300	0	(51,704)	44,846	757,596	858,211	0	(48,911)	46,566	809,300
Waste Compactor	229	WATC	2.46%	85,645	0	(42,299)	1,666	43,346	85,646	0	(42,299)	1,848	43,347	126,923	0	(41,277)	2,700	85,645
Forrestfield North Development Project - Loan 1	230	WATC	3.01%	365,348	0	(47,633)	10,390	317,715	365,349	0	(47,633)	10,641	317,716	411,580	0	(46,231)	11,833	365,348
Wattle Grove South Planning Study	231	WATC	0.74%	100,000	0	(19,706)	686	80,294	100,000	0	(19,615)	923	80,385	0	100,000	0	87	100,000
High Wycombe Roads - testing and design	232	WATC	0.74%	50,000	0	(9,853)	343	40,147	50,000	0	(9,807)	461	40,193	0	50,000	0	44	50,000
Forrestfield North Structure Planning	233	WATC	0.74%	240,000	0	(47,294)	1,647	192,706	240,000	0	(47,076)	2,214	192,924	0	240,000	0	209	240,000
MKSEA Kalamunda Wedge - Development Contribution Plan	234	WATC	0.74%	40,000	0	(7,882)	275	32,118	40,000	0	(7,846)	369	32,154	0	40,000	0	35	40,000
MKSEA - Preliminary investigations and consultation	235	WATC	0.74%	70,000	0	(13,794)	481	56,206	70,000	0	(13,730)	695	56,270	0	70,000	0	61	70,000
Recreation and culture																		
Foothills Netball Association	216	WATC	6.37%	58,252	0	(5,333)	3,588	52,919	58,252	0	(5,333)	3,627	52,919	63,256	0	(5,004)	3,895	58,252
Wet'n'Wild	222	WATC	6.22%	0	0	0	0	0	0	0	0	0	0	64,860	0	(64,860)	1,195	(0)
Kalamunda Swimming Pool	227	WATC	5.63%	1,301,919	0	(83,176)	70,959	1,218,743	1,301,920	0	(83,176)	72,144	1,218,744	1,380,603	0	(78,683)	74,911	1,301,919
Future Aquatic facility study (Needs analysis)	236	WATC	0.74%	100,000	0	(19,706)	686	80,294	100,000	0	(19,615)	923	80,385	0	100,000	0	87	100,000
Transport																		
Operations Centre	221	WATC	6.77%	1,387,177	0	(100,949)	88,848	1,286,228	1,387,177	0	(100,949)	92,232	1,286,228	1,481,624	0	(94,447)	96,066	1,387,177
Newburn Road Extension	226	WATC	5.67%	82,528	0	(82,528)	3,500	0	82,527	0	(82,527)	3,526	0	160,567	0	(78,040)	7,939	82,528
Fleet - Major Plant Replacement Program	237	WATC	1.02%	2,400,000	0	(289,427)	23,396	2,110,573	2,400,000	0	(208,215)	23,440	2,191,785	0	2,400,000	0	2,884	2,400,000
Fleet - Light Plant Replacement Program	238	WATC	1.02%	207,000	0	(51,217)	1,298	155,783	207,000	0	(51,078)	1,690	155,922	0	207,000	0	168	207,000
New road Project - Kalamunda Town Centre Upgrade Stage 1	239	WATC	1.24%	500,000	0	(47,265)	5,985	452,735	500,000	0	(24,559)	3,907	475,441	0	500,000	0	730	500,000
Fleet - Minor Plant Replacement Program	240	WATC	0.70%	0	295,900	0	120	295,900	0	295,900	0	0	295,900	0	0	0	0	0
Fleet - Major Plant Replacement Program	241	WATC	1.17%	0	719,200	0	485	719,200	0	719,200	0	0	719,200	0	0	0	0	0
Fleet - Light Plant Replacement Program	242	WATC	0.54%	0	138,000	0	43	138,000	0	138,000	0	0	138,000	0	0	0	0	0
New road Project - Kalamunda Town Centre Upgrade Stage 1 - Female Change Rooms	243	WATC	1.44%	0	1,000,000	0	828	1,000,000	0	1,000,000	0	0	1,000,000	0	0	0	0	0
	244	WATC	1.44%	0	900,000	0	745	900,000	0	900,000	(22,103)	3,516	877,897	0	0	0	0	0
				7,893,362	3,053,100	(1,015,956)	261,204	9,930,507	7,893,364	3,053,100	(933,458)	269,686	10,013,004	4,828,438	3,707,000	(642,076)	259,593	7,893,362
Self Supporting Loans																		
Recreation and culture																		
Forrestfield United Soccer Club	214	WATC	5.56%	75,678	0	(7,746)	4,003	67,932	75,678	0	(7,746)	4,028	67,932	83,011	0	(7,333)	4,375	75,678
Maida Vale Tennis Club	217	WATC	5.95%	19,951	0	(3,990)	1,096	15,961	19,951	0	(3,990)	1,129	15,961	23,714	0	(3,763)	1,329	19,951
Kalamunda Club	219	WATC	6.30%	0	0	0	0	0	0	0	0	0	0	16,518	0	(16,518)	127	0
Forrestfield Junior Football Club	220	WATC	6.22%	0	0	0	0	0	0	0	0	0	0	2,463	0	(2,463)	45	0
				95,629	0	(11,737)	5,099	83,892	95,629	0	(11,736)	5,157	83,893	125,706	0	(30,077)	5,876	95,629
				7,988,991	3,053,100	(1,027,692)	266,302	10,014,399	7,988,993	3,053,100	(945,194)	274,842	10,096,897	4,954,145	3,707,000	(672,153)	265,469	7,988,991

* WA Treasury Corporation

** Self supporting loans are financed by payments from third parties. These are shown in Note 5 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

19. INFORMATION ON BORROWINGS (Continued)

	2021	2020
	\$	\$
Current	1,228,737	1,027,692
Non-current	8,785,662	6,961,299
	<u>10,014,399</u>	<u>7,988,991</u>

(c) New Borrowings - 2020/21

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Actual Balance Unspent
					2021 Actual	2021 Budget	2021 Actual	2021 Budget	
					\$	\$	\$	\$	\$
Fleet - Minor Plant Replacement Program	WATC	Fixed Term Loan	5	0.70%	295,900	295,900	295,900	295,900	0
Fleet - Major Plant Replacement Program	WATC	Fixed Term Loan	8	1.17%	719,200	719,200	307,100	719,200	412,100
Fleet - Light Plant Replacement Program	WATC	Fixed Term Loan	4	0.54%	138,000	138,000	0	138,000	138,000
New road Project - Kalamunda Town Centre Upgrade Stage 1 -	WATC	Fixed Term Loan	10	1.44%	1,000,000	1,000,000	0	1,000,000	1,000,000
Female Change Rooms	WATC	Fixed Term Loan	10	1.44%	900,000	900,000	170,000	900,000	730,000
* WA Treasury Corporation					<u>3,053,100</u>	<u>3,053,100</u>	<u>773,000</u>	<u>3,053,100</u>	<u>2,280,100</u>

(d) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance	Borrowed During	Expended During	Unspent Balance
		1 July 2020	Year	Year	30 June 2021
		\$	\$	\$	\$
Wattle Grove South Planning Study	19-May-2020	35,000	0	23,000	12,000
High Wycombe Roads - testing and design	19-May-2020	30,000	0	0	30,000
Forrestfield North Structure Planning	19-May-2020	140,000	0	140,000	0
MKSEA Kalamunda Wedge - Development Contribution Plan	19-May-2020	10,000	0	10,000	0
MKSEA - Preliminary investigations and consultation	19-May-2020	45,000	0	0	45,000
Future Aquatic facility study (Needs analysis)	19-May-2020	60,000	0	47,000	13,000
Fleet - Major Plant Replacement Program	19-May-2020	1,737,000	0	1,737,000	0
New road Project - Kalamunda Town Centre Upgrade Stage 1	19-May-2020	450,000	0	5,000	445,000
Fleet - Minor Plant Replacement Program	10-June-2021	0	295,900	295,900	0
Fleet - Major Plant Replacement Program	10-June-2021	0	719,200	307,100	412,100
Fleet - Light Plant Replacement Program	10-June-2021	0	138,000	0	138,000
New road Project - Kalamunda Town Centre Upgrade Stage 1 -	10-June-2021	0	1,000,000	0	1,000,000
Female Change Rooms	10-June-2021	0	900,000	170,000	730,000
* WA Treasury Corporation		<u>2,507,000</u>	<u>3,053,100</u>	<u>2,735,000</u>	<u>2,825,100</u>

(e) Undrawn Borrowing Facilities

	2021	2020
	\$	\$
Credit Standby Arrangements		
Bank overdraft limit	3,000,000	3,000,000
Credit card limit	75,000	75,000
Credit card balance at balance date	(2,208)	(514)
Total amount of credit unused	<u>3,072,792</u>	<u>3,074,486</u>

	2021	2020
	\$	\$
Loan facilities		
Loan facilities - current	1,228,737	1,027,692
Loan facilities - non-current	8,785,662	6,961,299
Lease liabilities - current	44,711	0
Lease liabilities - non-current	56,071	0
Total facilities in use at balance date	<u>10,115,181</u>	<u>7,988,991</u>

Unused loan facilities at balance date	NIL	NIL
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**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

19. INFORMATION ON BORROWINGS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 32.

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

20. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2020

Current provisions
Non-current provisions

Additional provision
Amounts used
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate

Balance at 30 June 2021

Comprises

Current
Non-current

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2020			
Current provisions	2,038,662	2,157,843	4,196,505
Non-current provisions	0	362,263	362,263
	<u>2,038,662</u>	<u>2,520,106</u>	<u>4,558,768</u>
Additional provision	2,045,886	785,376	2,831,262
Amounts used	(1,832,266)	(295,973)	(2,128,239)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	701	(201,697)	(200,996)
Balance at 30 June 2021	<u>2,252,983</u>	<u>2,807,812</u>	<u>5,060,795</u>
Comprises			
Current	2,252,983	2,272,238	4,525,221
Non-current	0	535,574	535,574
	<u>2,252,983</u>	<u>2,807,812</u>	<u>5,060,795</u>

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date
More than 12 months from reporting date

	2021 \$	2020 \$
Less than 12 months after the reporting date	2,810,803	2,414,086
More than 12 months from reporting date	2,249,992	2,144,682
	<u>5,060,795</u>	<u>4,558,768</u>

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

Other long-term employee benefits (Continued)

rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

Provisions

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

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

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

21. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	32,134,446	7,626,937	24,196,351
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	8,814,700	17,806,864	1,733,721
Non-cash flows in Net result:			
Depreciation on non-current assets	13,327,727	10,986,626	11,316,721
(Profit)/loss on sale of asset	259,909	0	2,552,120
Share of profits of associates	(627,871)	(998,408)	2,290,314
Adjustment to Forrestfield Industrial Area Scheme Stage 1	849,959	0	0
Interest on deferred loans	0	0	(1,677)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(1,045,715)	400,000	(790,996)
(Increase)/decrease in other assets	(11,876)	0	(181,284)
(Increase)/decrease in inventories	(507)	0	(6,427)
Increase/(decrease) in payables	2,058,469	(760,623)	431,271
Increase/(decrease) in employee provisions	502,027	360,623	380,303
Increase/(decrease) in Capital grant liabilities	931,646	(400,000)	0
Dividends Received	0	0	(803,207)
Non-operating grants, subsidies and contributions	(11,839,582)	(17,917,612)	(7,354,821)
Net cash from operating activities	<u>13,218,886</u>	<u>9,477,470</u>	<u>9,566,039</u>

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

22. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	8,673,974	8,632,033
General purpose funding	18,163,767	18,322,219
Law, order, public safety	1,380,233	1,380,233
Health	3,166,906	2,665,503
Education and welfare	2,755,031	2,755,031
Community amenities	42,331,605	43,862,540
Recreation and culture	105,921,884	91,538,166
Transport	377,367,152	377,795,285
Economic services	2,425	2,425
Other property and services	10,151,854	8,961,336
	569,914,831	555,914,773

**CITY OF KALAMUNDA
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FOR THE YEAR ENDED 30 JUNE 2021**

23. CONTINGENT LIABILITIES

CONTINGENT LIABILITIES

In compliance with the Contaminated Sites Act 2003 Section 11, the City has listed the following sites to be possible sources of contamination.

- Alan Anderson Reserve

180, Lawnbrook Road, Walliston, WA, 6076

- Ledger Road Reserve

42, Ledger Road, Gooseberry Hill, WA, 6076

Lot 1879 on plan 168945, Piesse Brook, WA, 6076

- Brand Road Reserve

65, Brand Road, High Wycombe, WA, 6057

101, Brae Road, High Wycombe, WA, 6057

29, Smokebush Place, High Wycombe, WA, 6057

39, Smokebush Place, High Wycombe, WA, 6057

Road Reserve, High Wycombe, WA, 6057

Smokebush Place, High Wycombe, WA, 6057

Brand Road, High Wycombe, WA, 6057

Brae Road, High Wycombe, WA, 6057

51, Brand Road, High Wycombe, WA, 6057

- Dawson Avenue

Crown Reserve 29061, 155, Dawson Avenue, Forrestfield, WA, 6058

Crown Reserve 35618, 191, Dawson Avenue, Forrestfield, WA, 6058

- Pioneer Park

120, Dawson Avenue, Forrestfield, WA, 6058

170, Dawson Avenue, Forrestfield, WA, 6058

- Maida Vale Reserve

20, Ridge Hill Road, Maida Vale, WA, 6057

- Pistol Club Walliston Transfer Station

155, Lawnbrook Road, Walliston, WA, 6076

- Hartfield Park

199, Hale Road, Forrestfield, WA, 6058

- East Terrace

30, East Terrace, Kalamunda, WA, 6076

24, East Terrace, Kalamunda, WA, 6076

The City is in the process of conducting investigations to determine the presence and scope of contamination, assess the risk, and agree with the Department of Water and Environmental Regulation on the need and criteria of remediation of a risk based approach. The City is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the Department of Water and Environmental Regulation Guidelines.

The City uses the funds in the Waste Avoidance and Resource Recovery reserve (Note 4) to facilitate the annual maintenance of contaminated sites and any future remediation work.

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

24. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

	2021	2020
	\$	\$
	273,503	5,142,956
	0	117,839
	273,503	5,260,795

Payable:

- not later than one year

	273,503	5,260,795
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At the end of each financial year the City reviews the position of its incomplete capital expenditure projects and the position of unexpended specific purpose grants. The City recognises the costs of major capital projects to be carried forward to the next financial year and transfers adequate funds to the unexpended capital works and specific purpose grants reserve. The reserve is fully cash backed and categorised under restricted cash.

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts (short term and low value leases).

Payable:

- not later than one year
- later than one year but not later than five years

	2021	2020
	\$	\$
	23,093	62,112
	26,073	52,947
	49,166	115,059

SIGNIFICANT ACCOUNTING POLICIES

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the City, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leases (Continued)

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

**CITY OF KALAMUNDA
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25. ELECTED MEMBERS REMUNERATION

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Elected Members Remuneration			
The following fees, expenses and allowances were paid to council members and/or the Mayor.			
Mayor			
Mayor's annual allowance	63,354	63,354	44,145
Meeting attendance fees	31,149	31,141	29,168
Annual allowance for ICT expenses	2,300	2,300	4,327
Annual allowance for travel and accommodation expenses	50	50	52
	96,853	96,845	77,692
Deputy Mayor			
Deputy Mayor's annual allowance	15,682	15,682	15,682
Meeting attendance fees	23,230	23,230	23,230
Annual allowance for ICT expenses	2,300	2,300	4,200
Annual allowance for travel and accommodation expenses	50	50	50
	41,262	41,262	43,162
Councillor 1			
Meeting attendance fees	23,230	23,230	23,230
Annual allowance for ICT expenses	2,300	2,300	4,200
Annual allowance for travel and accommodation expenses	50	50	50
	25,580	25,580	27,480
Councillor 2			
Meeting attendance fees	23,230	23,230	23,230
Annual allowance for ICT expenses	2,300	2,300	4,200
Annual allowance for travel and accommodation expenses	50	50	50
	25,580	25,580	27,480
Councillor 3			
Meeting attendance fees	23,230	23,230	25,510
Mayor's annual allowance			18,963
Annual allowance for ICT expenses	2,300	2,300	4,184
Annual allowance for travel and accommodation expenses	50	50	50
	25,580	25,580	48,706
Councillor 4			
Meeting attendance fees	23,230	23,230	23,230
Annual allowance for ICT expenses	2,300	2,300	4,200
Annual allowance for travel and accommodation expenses	50	50	50
	25,580	25,580	27,480
Councillor 5			
Meeting attendance fees	23,230	23,230	23,140
Annual allowance for ICT expenses	2,300	2,300	4,184
Annual allowance for travel and accommodation expenses	50	50	50
	25,580	25,580	27,373
Councillor 6			
Meeting attendance fees	23,230	23,230	23,140
Annual allowance for ICT expenses	2,300	2,300	4,184
Annual allowance for travel and accommodation expenses	50	50	50
	25,580	25,580	27,373

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

25. ELECTED MEMBERS REMUNERATION (Continued)

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Councillor 7			
Meeting attendance fees	23,230	23,230	16,187
Annual allowance for ICT expenses	2,300	2,300	2,927
Annual allowance for travel and accommodation expenses	50	50	35
	<u>25,580</u>	<u>25,580</u>	<u>19,148</u>
Councillor 8			
Meeting attendance fees	23,230	23,230	16,187
Annual allowance for ICT expenses	2,300	2,300	2,927
Annual allowance for travel and accommodation expenses	50	50	35
	<u>25,580</u>	<u>25,580</u>	<u>19,148</u>
Councillor 9			
Meeting attendance fees	23,230	23,230	16,187
Annual allowance for ICT expenses	2,300	2,300	2,927
Annual allowance for travel and accommodation expenses	50	50	35
	<u>25,580</u>	<u>25,580</u>	<u>19,148</u>
Councillor 10			
Meeting attendance fees	23,230	23,230	16,187
Annual allowance for ICT expenses	2,300	2,300	2,927
Annual allowance for travel and accommodation expenses	50	50	35
	<u>25,580</u>	<u>25,580</u>	<u>19,148</u>
Councillor 11			
Meeting attendance fees	0	0	6,953
Annual allowance for ICT expenses	0	0	1,257
Annual allowance for travel and accommodation expenses	0	0	15
	<u>0</u>	<u>0</u>	<u>8,225</u>
Councillor 12			
Meeting attendance fees	0	0	6,953
Annual allowance for ICT expenses	0	0	1,257
Annual allowance for travel and accommodation expenses	0	0	15
	<u>0</u>	<u>0</u>	<u>8,225</u>
Councillor 13			
Meeting attendance fees	0	0	6,953
Annual allowance for ICT expenses	0	0	1,257
Annual allowance for travel and accommodation expenses	0	0	15
	<u>0</u>	<u>0</u>	<u>8,225</u>
Councillor 14			
Meeting attendance fees	0	0	6,953
Annual allowance for ICT expenses	0	0	1,257
Annual allowance for travel and accommodation expenses	0	0	15
	<u>0</u>	<u>0</u>	<u>8,225</u>
	<u>393,915</u>	<u>393,907</u>	<u>416,239</u>

**CITY OF KALAMUNDA
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FOR THE YEAR ENDED 30 JUNE 2021**

25. ELECTED MEMBERS REMUNERATION (Continued)

Fees, expenses and allowances to be paid or reimbursed to elected council members.	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Mayor's allowance	63,354	63,354	63,108
Deputy Mayor's allowance	15,682	15,682	15,682
Meeting attendance fees	286,679	286,671	286,437
Annual allowance for ICT expenses	27,600	27,600	50,412
Annual allowance for travel and accommodation expenses	600	600	601
	393,915	393,907	416,240

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

26. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2021 Actual	2020 Actual
The total of remuneration paid to KMP of the City during the year are as follows:	\$	\$
Short-term employee benefits	854,470	1,033,153
Post-employment benefits	80,506	96,780
Other long-term benefits	308,223	145,627
	<u>1,243,199</u>	<u>1,275,560</u>

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

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

Other long-term benefits
These amounts represent long service benefits accruing during the year.

Transactions with related parties

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

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

	2021 Actual	2020 Actual
The following transactions occurred with related parties:	\$	\$
Purchase of goods and services	4,138,622	4,529,203
Investment in Associates		
Net Increase/decrease in Equity in Investments in Associates	627,871	(2,150,098)
Dividends received from Associate entities	0	803,210
Contractual contributions received from Associate entities	0	2,193,700
Amounts payable to related parties:		
Trade and other payables	356,493	295,510

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 elected member, are considered key management personnel.
- ii. Other Related Parties**
An associate person of KMP was employed by the City under normal employment terms and conditions.

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the City.
- iii. Entities subject to significant influence by the City**
An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

27. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

	2021	2020
	\$	\$
Balance of investment in associate	29,106,170	29,257,611

The City of Kalamunda has a share in the Net Assets of the Eastern Metropolitan Regional Council (EMRC) as a member council. The EMRC provides services in waste management, resource recovery, environmental management and regional development.

The accounting share applicable to the City of Kalamunda as at 30 June 2021 as disclosed in the Financial Statements of the Eastern Metropolitan Regional Council is \$29,106,170. This represents the City's 15.67% share of the Total Equity in the Eastern Metropolitan Regional Council.

The Principal place of business :
No: 226, Great Eastern High Way, Ascot, WA, 6104.

EMRC Financial Information

Revenue	45,090,716	44,370,170
Net Result	10,296,371	(7,251,561)
Other Comprehensive Income	(4,009,286)	1,189,840
Total Comprehensive Income	6,287,085	(6,061,721)

Financial Position

Current assets	91,484,741	89,551,063
Non current assets	115,414,742	110,359,239
Total assets	206,899,483	199,910,302

Current liabilities	14,439,344	8,026,411
Non current liabilities	6,707,161	7,432,011
Total liabilities	21,146,505	15,458,422

Net assets	185,752,978	184,451,880
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Change in Equity in Share of City of Kalamunda	627,871	(2,290,314)
Revaluation Surplus movement in Share of City of Kalamunda	(779,312)	140,216
Dividends received from associate	Nil	803,210

The City's interest in the net assets of the associate (EMRC) are as follows:

Current Assets	14,334,337	14,206,342
Non-current Assets	18,085,490	17,502,975
Total assets	32,419,827	31,709,317

Current liabilities	2,262,645	1,272,989
Non-current liabilities	1,051,012	1,178,717
Total liabilities	3,313,657	2,451,706

Share of Net Assets	29,106,170	29,257,611
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**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

27. INVESTMENT IN ASSOCIATES

SIGNIFICANT ACCOUNTING POLICIES

Investment in associates

An associate is an entity over which the City has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the City's share of net assets of the associate. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the City's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in associates (Continued)

Profits and losses resulting from transactions between the City and the associate are eliminated to the extent of the City's interest in the associate. When the City's share of losses in an associate equals or exceeds its interest in the associate, the City discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the City will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

28. MAJOR LAND TRANSACTIONS

The City did not participate in any major land transactions during the 2020/2021 Financial Year

29. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The City did not participate in any trading undertakings or major trading undertakings during the 2020/2021 Financial Year.

CITY OF KALAMUNDA
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

30. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2020/21 Rateable Value \$	2020/21 Actual Rate Revenue \$	2020/21 Actual Interim Rates \$	2020/21 Actual Back Rates \$	2020/21 Actual Total Revenue \$	2020/21 Budget Rate Revenue \$	2020/21 Budget Interim Rate \$	2020/21 Budget Back Rate \$	2020/21 Budget Total Revenue \$	2019/20 Actual Total Revenue \$
Differential general rate / general rate												
Gross rental valuations												
General GRV	0.069352	21,676	376,250,122	26,089,044	525,140	3,322	26,617,506	26,093,698	0	0	26,093,698	26,272,306
Industrial / Commercial GRV	0.07335	607	119,258,715	8,744,495	0	18,771	8,763,266	8,747,627	0	0	8,747,627	8,597,045
Vacant GRV	0.086309	598	8,181,100	712,400	0	16,485	728,885	706,103	0	0	706,103	754,440
Unimproved valuations												
General UV	0.003459	282	177,940,049	615,668	0	3,382	619,050	615,495	0	0	615,495	627,316
Commercial UV	0.004093	55	34,365,006	140,574	0	0	140,574	140,656	0	0	140,656	138,118
Sub-Total		23,218	715,994,993	36,302,181	525,140	41,960	36,869,281	36,303,579	0	0	36,303,579	36,389,225
Minimum payment												
Gross rental valuations												
General GRV	882	1,141		1,012,536	0	0	1,012,536	1,006,362	0	0	1,006,362	1,028,528
Industrial / Commercial GRV	1,102	59		65,018	0	0	65,018	65,018	0	0	65,018	65,018
Vacant GRV	767	256		188,682	0	0	188,682	196,352	0	0	196,352	172,690
Unimproved valuations												
General UV	882	0		0	0	0	0	0	0	0	0	0
Commercial UV	1,102	3		3,306	0	0	3,306	3,306	0	0	3,306	3,306
Sub-Total		1,459		1,269,542	0	0	1,269,542	1,271,038	0	0	1,271,038	1,269,542
Total amount raised from general rate		24,677	715,994,993	37,571,723	525,140	41,960	38,138,823	37,574,617	0	0	37,574,617	37,658,767
Ex-gratia rates							38,138,823				37,574,617	37,658,767
Totals							203,306				156,683	205,787
							<u>38,342,129</u>				<u>37,731,300</u>	<u>37,864,554</u>

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

30. RATING INFORMATION (Continued)

(b) Specified Area Rate

No Specified area rates were imposed by the City during the year ended 30 June 2021.

(c) Service Charges

No service charges were imposed by the City during the year ended 30 June 2021.

(d) Rates discounts or incentives

The City offered \$22,000 as rates exemptions under the COVID 19 Financial Hardship Policy for the year ended 30 June 2021.

(e) Waivers or Concessions

The City did not offer any waivers or concessions for the year ended 30 June 2021.

(f) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	17 August 2020	0	0.0%	8.0%
Option Two				
First instalment	17 August 2020	0	5.5%	8.0%
Second instalment	22 December 2020	0	5.5%	8.0%
Option Three				
First instalment	17 August 2020	0	5.5%	8.0%
Second instalment	19 October 2020	0	5.5%	8.0%
Third instalment	22 December 2020	0	5.5%	8.0%
Fourth instalment	23 February 2021	0	5.5%	8.0%

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Interest on unpaid rates	292,767	118,620	338,167
Interest on instalment plan	161,298	51,000	168,239
Charges on instalment plan	0	0	142,352
	454,065	169,620	648,758

CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

31. RATE SETTING STATEMENT INFORMATION

Note	2020/21	2020/21	2020/21	2019/20	
	(30 June 2021 Carried Forward)	Budget (30 June 2021 Carried Forward)	(1 July 2020 Brought Forward)	(30 June 2020 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	11(a)	(41,699)	0	(14,771)	(14,771)
Less: Amounts recognised as income due to change in Accounting Standards		310,858	(400,000)	(160,170)	(160,170)
Less: Share of net profit of associates and joint ventures accounted for using the equity method		(627,871)	(998,408)	2,290,314	2,290,314
Less: Interest on deferred loans		0	0	(1,677)	(1,677)
Movement in pensioner deferred rates (non-current)		(39,975)	(20,000)	(98,809)	(98,809)
Movement in employee benefit provisions		502,027	360,623	380,303	380,303
Movement in service concession liabilities (non-current)		10,945	0	0	0
Add: Loss on disposal of assets	11(a)	301,608	0	2,566,892	2,566,892
Add: Capital WIP transferred to expenses		256,378	0	58,042	58,042
Add: Bad debts written off		25,827	0	10,968	10,968
Add: Depreciation on non-current assets	11(b)	13,327,727	10,986,626	11,316,721	11,316,721
Non cash amounts excluded from operating activities		14,025,825	9,928,841	16,347,813	16,347,813
(b) Surplus/(deficit) after imposition of general rates					
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.					
Adjustments to net current assets					
Less: Reserves - cash/financial asset backed	4	(23,511,544)	(8,507,588)	(14,531,763)	(14,531,763)
Less: Financial assets at amortised cost - self supporting loans	5(a)	(12,414)	0	(11,737)	(11,737)
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings	19(b)	1,228,737	871,921	1,027,692	1,027,692
- Current portion of lease liabilities	18(a)	44,711	0	0	0
- Employee benefit provisions		4,525,221	2,753,975	4,196,505	4,196,505
Total adjustments to net current assets		(17,725,289)	(4,881,692)	(9,319,303)	(9,319,303)
Net current assets used in the Rate Setting Statement					
Total current assets		40,854,273	14,899,559	31,813,112	31,813,112
Less: Total current liabilities		(19,586,395)	(9,911,199)	(15,874,236)	(15,874,236)
Less: Total adjustments to net current assets		(17,725,289)	(4,881,692)	(9,319,303)	(9,319,303)
Net current assets used in the Rate Setting Statement		3,542,590	106,668	6,619,571	6,619,571

**CITY OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

32. 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 area under policies approved by the Council. The finance area 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 and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2021					
Cash and cash equivalents	0.49%	32,134,446	0	28,107,003	4,027,443
Financial assets at amortised cost - term deposits	0.48%	3,387,717	3,387,717	0	0
2020					
Cash and cash equivalents	1.64%	24,196,351	0	16,393,738	7,802,613
Financial assets at amortised cost	1.20%	3,363,744	3,363,744	0	0

Sensitivity

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

	2021	2020
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	281,070	163,937

* 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 can be found at Note 18(a).

**CITY OF KALAMUNDA
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FOR THE YEAR ENDED 30 JUNE 2021**

32. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

The City’s major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The City manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

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

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 receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2021					
Rates receivable	1,566,317	484,709	982,883	594,303	3,628,212
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	1,566,317	484,709	982,883	594,303	3,628,212
Loss allowance	0	0	0	0	0
30 June 2020					
Rates receivable	1,408,373	412,432	669,166	579,041	3,069,013
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	1,408,373	413,432	669,166	579,041	3,070,013
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Trade and other receivables	401,592	12,515	96,519	23,104	533,731
Expected credit loss	0.04%	0.05%	0.05%	0.40%	
Gross carrying amount	401,592	12,515	96,519	23,104	533,731
Loss allowance	161	6	48	9	224
30 June 2020					
Trade and other receivables	241,698	0	13,389	50,679	305,767
Expected credit loss	0.04%	0.05%	0.05%	0.59%	
Gross carrying amount	241,698	0	13,389	50,679	305,767
Loss allowance	85	0	7	299	391

CITY OF KALAMUNDA
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32. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 19(e).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2021					
Payables	10,641,375	0	0	10,641,375	10,641,375
Borrowings*	1,509,214	6,780,008	3,219,032	11,508,254	11,508,254
Lease liabilities	44,711	56,071	0	100,782	100,782
	<u>12,195,300</u>	<u>6,836,079</u>	<u>3,219,032</u>	<u>22,250,411</u>	<u>22,250,411</u>
2020					
Payables	8,435,334	0	0	8,435,334	8,435,334
Borrowings*	1,299,755	5,162,509	3,102,074	9,564,338	9,564,338
	<u>9,735,089</u>	<u>5,162,509</u>	<u>3,102,074</u>	<u>17,999,672</u>	<u>17,999,672</u>

* Borrowings include the principal and interest repayments due.

**CITY OF KALAMUNDA
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33. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There have been no significant events after the reporting period that are to be included in 2020/2021.

34. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

AASB 1059 Service Concession Arrangements: Grantors

The City adopted AASB 1059 Service Concession Arrangements: Grantors for the year ended 30 June 2021 resulting in changes in accounting policies.

This standard addresses the accounting for a service concession arrangement by a grantor that is a public sector entity.

It applies to arrangements that involve a third-party operator providing public services related to a service concession asset on behalf of a public grantor (in this case, local government) for the specific period of time and managing at least some of those services.

The adoption of AASB 1059 had no impact on the financial statements of the City.

35. TRUST FUNDS

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

	1 July 2020	Amounts Received	Amounts Paid	30 June 2021
	\$	\$	\$	\$
Wattle Grove - Cell 9*	9,198,947	844,569	(1,957,062)	8,086,454
Cash in lieu of Public Open Space	2,476,871	3,331,176	(3,922,088)	1,885,959
NBN Tower Pickering Brook	27,853	13,606	0	41,459
	<u>11,703,671</u>	<u>4,189,351</u>	<u>(5,879,149)</u>	<u>10,013,872</u>

* The Wattle Grove CELL 9 Trust includes an amount of \$3.9 million payable to the Department of Education for their contribution to the Trust in the form of the Wattle Grove Primary School land.

**CITY OF KALAMUNDA
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36. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Level 1
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3
Measurements based on unobservable inputs for the asset or liability.

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

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

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

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

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

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

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

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

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

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

**CITY OF KALAMUNDA
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FOR THE YEAR ENDED 30 JUNE 2021**

37. ACTIVITIES/PROGRAMS

CITY operations as disclosed in these financial statements encompass the following service orientated activities/programs.

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.</p>	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 elected members and ratepayers on matters which do not concern specific council services.
<p>GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.</p>	Rates, general purpose government grants and interest revenue.
<p>LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.</p>	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
<p>HEALTH To provide an operational framework for environmental and community health.</p>	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
<p>EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth.</p>	Provision and maintenance of senior citizen and disability services, youth services and other voluntary services.
<p>COMMUNITY AMENITIES To provide services required by the community.</p>	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 and public conveniences.
<p>RECREATION AND CULTURE To establish and effectively manage infrastructure and resource which will help the social well being of the community.</p>	Maintenance of public halls, civic centres, aquatic centre, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.
<p>TRANSPORT To provide safe, effective and efficient transport services to the community.</p>	Construction and maintenance of roads, footpaths, bridges, lighting and cleaning of streets.
<p>ECONOMIC SERVICES To help promote the City and its economic wellbeing.</p>	Tourism and area promotion, rural services and building control.
<p>OTHER PROPERTY AND SERVICES To monitor and control council's overheads operating accounts.</p>	Private works operation, plant repair and operation costs and engineering operation costs.

**CITY OF KALAMUNDA
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FOR THE YEAR ENDED 30 JUNE 2021**

38. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	1.36	1.54	1.30
Asset consumption ratio	0.94	0.96	0.97
Asset renewal funding ratio	1.42	0.95	0.95
Asset sustainability ratio	0.39	0.91	0.67
Debt service cover ratio	8.67	6.36	9.58
Operating surplus ratio	(0.04)	(0.10)	(0.04)
Own source revenue coverage ratio	0.91	0.90	0.90

The above ratios are calculated as follows:

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



Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 City of Kalamunda

To the Councillors of the City of Kalamunda

Report on the audit of the annual financial report

Opinion

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

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

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

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

Basis for opinion

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

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

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

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

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

Auditor's responsibility for the audit of the financial report

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

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

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

Report on other legal and regulatory requirements

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

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the City:
 - a. The Operating Surplus Ratio as reported in Note 38 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last 3 financial years.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

Other information

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

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

Matters relating to the electronic publication of the audited financial report

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



Caroline Spencer
Auditor General for Western Australia
Perth, Western Australia
22 November 2021