

**CITY OF KALAMUNDA  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

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The City of Kalamunda conducts the operations of a local government with the following 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  
STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Actual	2022 Budget	2021 Actual Restated*
		\$	\$	\$
<b>Revenue</b>				
Rates	27(a)	39,925,800	39,137,784	38,342,129
Operating grants, subsidies and contributions	2(a)	5,131,545	2,676,828	4,000,703
Fees and charges	26(c),2(a)	16,832,610	15,542,522	16,116,365
Interest earnings	2(a)	497,523	479,175	622,173
Other revenue	2(a)	153,264	45,600	58,086
		<b>62,540,742</b>	<b>57,881,909</b>	<b>59,139,456</b>
<b>Expenses</b>				
Employee costs		(25,170,251)	(25,962,725)	(24,892,251)
Materials and contracts		(23,253,381)	(22,885,136)	(20,233,774)
Utility charges		(1,990,010)	(2,017,443)	(1,965,822)
Depreciation	10(a)	(13,764,916)	(11,858,661)	(13,385,719)
Finance costs	2(b)	(275,577)	(282,193)	(266,981)
Insurance		(677,822)	(636,026)	(605,809)
Other expenditure	2(b)	(2,847,113)	(1,156,700)	(308,286)
		<b>(67,979,070)</b>	<b>(64,798,884)</b>	<b>(61,658,642)</b>
		<b>(5,438,328)</b>	<b>(6,916,975)</b>	<b>(2,519,186)</b>
Capital grants, subsidies and contributions	2(a)	9,853,085	11,326,966	10,907,932
Profit on asset disposals	10(b)	69,409	0	41,699
Loss on asset disposals	10(b)	(1,049,899)	0	(301,608)
Dividends Received		828,394	0	0
Share of net profit of associates accounted for using the equity method		813,318	998,408	627,871
		<b>10,514,307</b>	<b>12,325,374</b>	<b>11,275,894</b>
<b>Net result for the period</b>	26(b)	<b>5,075,979</b>	<b>5,408,399</b>	<b>8,756,708</b>
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Increase in fair value of other equity investments		7,994	0	5,172
Share of comprehensive income of associates and joint ventures accounted for using the equity method		(47,985)	0	(779,312)
<b>Total other comprehensive income for the period</b>		<b>(39,991)</b>	<b>0</b>	<b>(774,140)</b>
<b>Total comprehensive income for the period</b>		<b>5,035,988</b>	<b>5,408,399</b>	<b>7,982,568</b>

\* Refer Note 34 for details regarding the restatement of prior period amounts.

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

**CITY OF KALAMUNDA  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2022**

	NOTE	2022 \$	2021 Restated* \$	01-July-2020 Restated* \$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	3	38,697,929	32,134,446	24,196,351
Trade and other receivables	5(a)	4,036,273	4,964,395	3,795,352
Other financial assets	4(a)	13,131	3,400,131	3,394,524
Inventories	6(a)	143,554	123,756	123,249
Other assets	7(a)	304,537	394,844	303,636
<b>TOTAL CURRENT ASSETS</b>		<b>43,195,424</b>	<b>41,017,572</b>	<b>31,813,112</b>
<b>NON-CURRENT ASSETS</b>				
Trade and other receivables	5(b)	938,284	906,090	866,115
Other financial assets	4(b)	213,955	219,093	226,335
Other assets	7(b)	0	79,331	158,663
Inventories	6(b)	386,067	386,067	386,067
Investment in associate	22(a)	29,871,503	29,106,170	29,257,611
Property, plant and equipment	8	122,430,049	125,300,356	120,811,550
Infrastructure	9	382,497,060	375,609,062	375,097,039
Right-of-use assets	11(a)	166,403	100,692	0
Intangible assets	12	0	863,385	865,958
<b>TOTAL NON-CURRENT ASSETS</b>		<b>536,503,322</b>	<b>532,570,246</b>	<b>527,669,338</b>
<b>TOTAL ASSETS</b>		<b>579,698,746</b>	<b>573,587,818</b>	<b>559,482,450</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	13	11,728,238	10,641,375	8,435,334
Other liabilities	14(a)	4,116,727	3,146,351	2,214,705
Lease liabilities	11(b)	65,712	44,711	0
Borrowings	15	1,229,486	1,228,737	1,027,692
Employee related provisions	16(a)	4,707,360	4,688,521	4,196,505
<b>TOTAL CURRENT LIABILITIES</b>		<b>21,847,523</b>	<b>19,749,695</b>	<b>15,874,236</b>
<b>NON-CURRENT LIABILITIES</b>				
Other liabilities	14(b)	43,716	10,945	0
Lease liabilities	11(b)	100,611	56,071	0
Borrowings	15	7,756,176	8,785,662	6,961,299
Employee related provisions	16(b)	464,863	535,574	362,263
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>8,365,366</b>	<b>9,388,252</b>	<b>7,323,562</b>
<b>TOTAL LIABILITIES</b>		<b>30,212,889</b>	<b>29,137,947</b>	<b>23,197,798</b>
<b>NET ASSETS</b>		<b>549,485,858</b>	<b>544,449,870</b>	<b>536,284,653</b>
<b>EQUITY</b>				
Retained surplus		230,079,984	225,849,888	225,890,312
Reserve accounts	30	24,357,427	23,511,544	14,531,763
Revaluation surplus	17	295,048,447	295,088,438	295,862,578
<b>TOTAL EQUITY</b>		<b>549,485,858</b>	<b>544,449,870</b>	<b>536,284,653</b>

\* Refer Note 34 for details regarding the restatement of prior period amounts.

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 2022**

	NOTE	RETAINED SURPLUS Restated*	RESERVE ACCOUNTS	REVALUATION SURPLUS	TOTAL EQUITY Restated*
		\$	\$	\$	\$
<b>Balance as at 1 July 2020</b>		<b>222,322,634</b>	<b>14,531,763</b>	<b>295,862,578</b>	<b>532,716,975</b>
Correction of error	34	3,567,678	0	0	3,567,678
<b>Restated balance at the beginning of the financial year</b>		<b>225,890,312</b>	<b>14,531,763</b>	<b>295,862,578</b>	<b>536,284,653</b>
Comprehensive income for the period					
Net result for the period		8,756,708	0	0	8,756,708
Other comprehensive income for the period	17	0	0	(774,140)	(774,140)
Total comprehensive income for the period		8,756,708	0	(774,140)	7,982,568
Net Transfers from Trust	30	0	182,649	0	182,649
Transfers from reserves	30	3,672,974	(3,672,974)	0	0
Transfers to reserves	30	(12,470,107)	12,470,107	0	0
<b>Balance as at 30 June 2021</b>		<b>225,849,888</b>	<b>23,511,544</b>	<b>295,088,438</b>	<b>544,449,870</b>
Comprehensive income for the period					
Net result for the period		5,075,979	0	0	5,075,979
Other comprehensive income for the period	17	0	0	(39,991)	(39,991)
Total comprehensive income for the period		5,075,979	0	(39,991)	5,035,988
Transfers from reserves	30	11,663,828	(11,663,828)	0	0
Transfers to reserves	30	(12,509,710)	12,509,710	0	0
<b>Balance as at 30 June 2022</b>		<b>230,079,984</b>	<b>24,357,427</b>	<b>295,048,447</b>	<b>549,485,858</b>

\* Refer Note 34 for details regarding the restatement of prior period amounts.

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 2022**

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual Restated* \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		40,594,398	38,757,784	38,192,786
Operating grants, subsidies and contributions		6,696,574	1,281,131	3,554,158
Fees and charges		12,233,139	13,875,930	12,326,478
Interest received		497,523	479,175	622,173
Goods and services tax received		4,599,471	3,895,697	3,789,887
Other revenue		153,264	45,600	908,045
		<b>64,774,369</b>	<b>58,335,317</b>	<b>59,393,527</b>
<b>Payments</b>				
Employee costs		(25,147,632)	(24,999,226)	(24,291,286)
Materials and contracts		(20,881,557)	(22,984,115)	(18,004,588)
Utility charges		(1,990,010)	(2,017,443)	(1,965,822)
Finance costs		(275,577)	(282,193)	(266,981)
Insurance paid		(677,822)	(636,026)	(605,809)
Goods and services tax paid		(805,896)	(663,093)	(731,869)
Other expenditure		(2,037,631)	(1,156,700)	(308,286)
		<b>(51,816,125)</b>	<b>(52,738,796)</b>	<b>(46,174,641)</b>
<b>Net cash provided by (used in) operating activities</b>	18(b)	<b>12,958,244</b>	<b>5,596,521</b>	<b>13,218,886</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	8(a)	(4,419,064)	(8,242,282)	(9,380,684)
Payments for construction of infrastructure	9(a)	(16,352,722)	(22,631,576)	(9,802,680)
Payments for intangible assets	12	(55,820)	0	(98,969)
Non-operating grants, subsidies and contributions		9,340,471	11,326,966	11,839,582
Proceeds from financial assets at amortised cost		3,387,717	0	0
Proceeds from financial assets at amortised cost - self supporting loans	29(a)	12,414	12,414	11,737
Distributions from investments in associates		828,394	0	0
Proceeds from sale of property, plant & equipment	10(b)	1,940,718	0	158,044
<b>Net cash provided by (used in) investing activities</b>		<b>(5,317,891)</b>	<b>(19,534,478)</b>	<b>(7,272,970)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	29(a)	(1,228,737)	(1,227,997)	(1,027,692)
Payments for principal portion of lease liabilities	29(d)	(48,135)	0	(33,229)
Proceeds from new borrowings	29(a)	200,000	200,000	3,053,100
<b>Net cash provided by (used In) financing activities</b>		<b>(1,076,871)</b>	<b>(1,027,997)</b>	<b>1,992,179</b>
<b>Net increase (decrease) in cash held</b>		<b>6,563,483</b>	<b>(14,965,954)</b>	<b>7,938,095</b>
Cash at beginning of year		32,134,446	27,436,742	24,196,351
<b>Cash and cash equivalents at the end of the year</b>	18(a)	<b>38,697,929</b>	<b>12,470,787</b>	<b>32,134,446</b>

\* Refer Note 34 for details regarding the restatement of prior period amounts.

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

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

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual Restated* \$
<b>NET CURRENT ASSETS - At start of financial year - surplus/(deficit)</b>		3,542,590	4,424,345	6,619,571
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities (excluding general rate)</b>				
Rates (excluding general rate)	27(a)	215,960	156,683	203,306
Operating grants, subsidies and contributions		5,131,545	2,676,828	4,000,703
Fees and charges		16,832,610	15,542,522	16,116,365
Interest earnings		497,523	479,175	622,173
Other revenue		153,264	45,600	58,086
Profit on asset disposals	10(b)	69,409	0	41,699
Share of net profit of associates and joint ventures accounted for using the equity method		813,318	998,408	627,871
		<b>23,713,629</b>	<b>19,899,216</b>	<b>21,670,203</b>
<b>Expenditure from operating activities</b>				
Employee costs		(25,170,251)	(25,962,725)	(24,892,251)
Materials and contracts		(23,253,381)	(22,885,136)	(20,233,774)
Utility charges		(1,990,010)	(2,017,443)	(1,965,822)
Depreciation		(13,764,916)	(11,858,661)	(13,385,719)
Finance costs		(275,577)	(282,193)	(266,981)
Insurance		(677,822)	(636,026)	(605,809)
Other expenditure		(2,847,113)	(1,156,700)	(308,286)
Loss on asset disposals	10(b)	(1,049,899)	0	(301,608)
		<b>(69,028,969)</b>	<b>(64,798,884)</b>	<b>(61,960,250)</b>
Non-cash amounts excluded from operating activities	28(a)	14,693,428	11,218,201	13,516,581
<b>Amount attributable to operating activities</b>		<b>(30,621,913)</b>	<b>(33,681,467)</b>	<b>(26,773,466)</b>
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		9,853,085	11,326,966	10,907,932
Proceeds from disposal of assets	10(b)	1,940,718	0	158,044
Proceeds from financial assets at amortised cost - self supporting loans	29(a)	12,414	12,414	11,737
Distributions from investments in associates		828,394	0	0
Purchase of property, plant and equipment	8(a)	(4,419,064)	(8,242,282)	(9,380,684)
Purchase and construction of infrastructure	9(a)	(16,352,722)	(22,631,576)	(9,802,680)
Payments for intangible assets	12	(55,820)	0	(98,969)
		<b>(8,192,994)</b>	<b>(19,534,478)</b>	<b>(8,204,620)</b>
Non-cash amounts excluded from investing activities	28(b)	465,136	0	567,236
<b>Amount attributable to investing activities</b>		<b>(7,727,858)</b>	<b>(19,534,478)</b>	<b>(7,637,384)</b>
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	29(a)	(1,228,737)	(1,227,997)	(1,027,692)
Proceeds from borrowings	29(a)	200,000	200,000	3,053,100
Payments for principal portion of lease liabilities	29(d)	(48,135)	0	(33,229)
Transfers to reserves (restricted assets)	30	(12,509,710)	(1,711,000)	(12,470,107)
Transfers from reserves (restricted assets)	30	11,663,828	12,616,032	3,672,974
<b>Amount attributable to financing activities</b>		<b>(1,922,754)</b>	<b>9,877,035</b>	<b>(6,804,953)</b>
<b>Surplus/(deficit) before imposition of general rates</b>		<b>(36,729,939)</b>	<b>(38,914,564)</b>	<b>(34,596,234)</b>
<b>Total amount raised from general rates</b>	27(a)	<b>39,709,840</b>	<b>38,981,101</b>	<b>38,138,823</b>
<b>Surplus/(deficit) after imposition of general rates</b>	28(c)	<b>2,979,901</b>	<b>66,535</b>	<b>3,542,590</b>

\* Refer Note 34 for details regarding the restatement of prior period amounts.

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

**CITY OF KALAMUNDA  
FOR THE YEAR ENDED 30 JUNE 2022  
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**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**1. BASIS OF PREPARATION**

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

**Local Government Act 1995 requirements**

Section 6.4(2) of the Local Government Act 1995 read with the Local Government (Financial Management) Regulations 1996 prescribe that the financial report be prepared in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The Local Government (Financial Management) Regulations 1996 specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the City to measure any vested improvements at zero cost. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

**The local government reporting entity**

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those appears at note 31 of the Financial Report.

**Judgements and estimates**

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure
- estimated useful life of Property, Plant & equipment
- estimated useful life of intangible asset
- estimation of uncertainties made in relation to lease accounting

**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**2. REVENUE AND EXPENSES**

**(a) Revenue**

**Contracts with customers**

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	Timing of revenue recognition
Operating grants, subsidies, and contributions 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	Output method based on project milestones and/or completion date matched to performance obligations.
Fees and Charges- Licences, Registrations, Approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval.
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	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	On entry to facility
Sale of stock	Kiosk and visitor centre stock	Single point in time	In full in advance.	Refund for faulty goods	Output method based on goods sold
Fees and charges for other goods and services	Library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Output method based on provision of service or completion of works

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

**Revenue Recognition**

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

**For the year ended 30 June 2022**

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	39,925,800	0	39,925,800
Operating grants, subsidies and contributions	0	0	0	5,131,545	5,131,545
Fees and charges	1,630,721	0	13,145,851	2,056,038	16,832,610
Interest earnings	0	0	370,852	126,672	497,523
Other revenue	0	0	152,514	750	153,264
Non-operating grants, subsidies and contributions	1,306,433	4,147,797	4,398,855	0	9,853,085
<b>Total</b>	<b>2,937,154</b>	<b>4,147,797</b>	<b>57,993,872</b>	<b>7,315,005</b>	<b>72,393,827</b>

**For the year ended 30 June 2021**

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	38,342,129	0	38,342,129
Operating grants, subsidies and contributions	0	0	0	4,000,703	4,000,703
Fees and charges	1,411,644	0	12,528,297	2,176,423	16,116,365
Interest earnings	0	0	461,380	160,792	622,173
Other revenue	0	0	56,538	1,548	58,086
Non-operating grants, subsidies and contributions	1,208,172	7,615,745	2,084,015	0	10,907,932
<b>Total</b>	<b>2,619,816</b>	<b>7,615,745</b>	<b>53,472,359</b>	<b>6,339,466</b>	<b>70,047,388</b>

**CITY OF KALAMUNDA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**2. REVENUE AND EXPENSES (Continued)**

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>(a) Revenue (Continued)</b>				
<b>Interest earnings</b>				
Financial assets at amortised cost - self supporting loans		4,487	3,599	5,402
Interest on reserve funds		63,789	48,000	54,850
Rates instalment and penalty interest		360,646	362,576	461,380
Other interest earnings		68,601	65,000	100,540
		<u>497,523</u>	<u>479,175</u>	<u>622,173</u>
<b>(b) Expenses</b>				
<b>Auditors remuneration</b>				
- Audit of the Annual Financial Report		55,400	50,000	49,500
- Other services		34,078	80,000	10,583
		<u>89,478</u>	<u>130,000</u>	<u>60,083</u>
<b>Finance costs</b>				
Borrowings	29(a)	274,361	280,978	266,302
Lease liabilities	29(d)	1,216	1,215	678
		<u>275,577</u>	<u>282,193</u>	<u>266,981</u>
<b>Other expenditure</b>				
Other Expenditure		2,037,631	1,156,700	308,286
Initial Application of Software as a Service (SaaS)	12	809,483	0	0
		<u>2,847,113</u>	<u>1,156,700</u>	<u>308,286</u>

**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**3. CASH AND CASH EQUIVALENTS**

Note	2022 \$	2021 \$
Cash at Bank and on hand	35,301,854	32,134,446
Term deposits	3,396,075	0
<b>Total cash and cash equivalents</b>	<b>38,697,929</b>	<b>32,134,446</b>
Held as		
- Unrestricted cash and cash equivalents	10,242,527	6,039,168
- Restricted cash and cash equivalents	28,455,402	26,095,278
	<b>38,697,929</b>	<b>32,134,446</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

**Restricted financial assets**

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to 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 and for which no liability has been recognised.

Details of restrictions on financial assets can be found at Note 18.

**4. OTHER FINANCIAL ASSETS**

**(a) Current assets**

	2022 \$	2021 \$
Financial assets at amortised cost	13,131	3,400,131
	<b>13,131</b>	<b>3,400,131</b>
<b>Other financial assets at amortised cost</b>		
Self supporting loans (i)	13,131	12,414
Term deposits	0	3,387,717
	<b>13,131</b>	<b>3,400,131</b>
Held as		
- Unrestricted other financial assets at amortised cost	13,131	12,414
- Restricted other financial assets at amortised cost	0	3,387,717
	<b>13,131</b>	<b>3,400,131</b>

**(b) Non-current assets**

Financial assets at amortised cost	58,348	71,479
Financial assets at fair values through other comprehensive income	155,607	147,614
	<b>213,955</b>	<b>219,093</b>
<b>Financial assets at amortised cost</b>		
Self supporting loans (i)	58,348	71,479
	<b>58,348</b>	<b>71,479</b>
<b>Financial assets at fair values through other comprehensive income</b>		
Units in Local Government House Trust (ii)	155,607	147,614
	<b>155,607</b>	<b>147,614</b>

**(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 29(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.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 25 (i)) due to the observable market rates.

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

**Financial assets at fair value through profit 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 23.

**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**5. TRADE AND OTHER RECEIVABLES**

	Note	2022 \$	2021 \$
<b>(a) Current</b>			
Rates receivable		2,829,521	3,628,212
Trade and other receivables		438,841	533,731
GST receivable		591,761	639,153
Receivables for employee related provisions	16	176,150	163,299
		<u>4,036,273</u>	<u>4,964,395</u>
<b>(b) Non-current</b>			
Pensioner's rates and ESL deferred		938,284	906,090
		<u>938,284</u>	<u>906,090</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 grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

**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 23.

**Classification and subsequent measurement**

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

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

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

**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**6. INVENTORIES**

Note	2022 \$	2021 \$
<b>(a) Current</b>		
Fuel and materials	143,554	123,756
	<u>143,554</u>	<u>123,756</u>
<b>(b) Non-current</b>		
Land held for resale		
Cost of acquisition	370,021	370,021
Development costs	16,046	16,046
	<u>386,067</u>	<u>386,067</u>

The following movements in inventories occurred during the year:

<b>Balance at beginning of year</b>	509,823	509,316
Additions to inventory	19,798	507
<b>Balance at end of year</b>	<u>529,621</u>	<u>509,823</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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

**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.

**7. OTHER ASSETS**

Note	2022 \$	2021 \$
<b>(a) Current</b>		
Prepayments	304,537	393,452
Accrued income	0	1,392
	<u>304,537</u>	<u>394,844</u>
<b>(b) Non-current</b>		
Prepayments	0	79,331
	<u>0</u>	<u>79,331</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Other current assets**

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

**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**8. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in Balances**

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

Note	Land	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	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
Disposals	0	0	(51,583)	(51,583)	0	(545,824)	0	0	(597,407)
Transfers from Work in Progress	0	0	70,974	70,974	0	0	0	(312,783)	(241,809)
Depreciation	10(a)	(67,749)	(3,134,129)	(3,201,878)	(53,424)	(797,360)	0	0	(4,052,661)
<b>Balance at 30 June 2021</b>	<b>33,017,000</b>	<b>4,952,602</b>	<b>71,595,534</b>	<b>109,565,136</b>	<b>352,673</b>	<b>6,290,645</b>	<b>1,152,900</b>	<b>7,939,002</b>	<b>125,300,356</b>
<b>Comprises:</b>									
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)
<b>Balance at 30 June 2021</b>	<b>33,017,000</b>	<b>4,952,602</b>	<b>71,595,534</b>	<b>109,565,136</b>	<b>352,673</b>	<b>6,290,645</b>	<b>1,152,900</b>	<b>7,939,002</b>	<b>125,300,356</b>
Additions	0	0	1,596,826	1,596,826	77,094	2,002,825	0	742,319	4,419,064
Disposals	(1,367,205)	0	(1,022,741)	(2,389,946)	(15,912)	(423,166)	0	0	(2,829,025)
Transfers from Work in Progress	0	0	7,649,583	7,649,583	0	0	0	(7,661,233)	(11,651)
Depreciation	10(a)	(67,749)	(3,368,967)	(3,436,716)	(55,784)	(956,196)	0	0	(4,448,696)
<b>Balance at 30 June 2022</b>	<b>31,649,795</b>	<b>4,884,853</b>	<b>76,450,235</b>	<b>112,984,883</b>	<b>358,071</b>	<b>6,914,107</b>	<b>1,152,900</b>	<b>1,020,088</b>	<b>122,430,049</b>
<b>Comprises:</b>									
Gross balance amount at 30 June 2022	31,649,795	5,020,351	82,811,507	119,481,653	1,835,862	9,014,332	1,152,900	1,020,088	132,504,835
Accumulated depreciation at 30 June 2022	0	(135,498)	(6,361,272)	(6,496,770)	(1,477,791)	(2,100,225)	0	0	(10,074,786)
<b>Balance at 30 June 2022</b>	<b>31,649,795</b>	<b>4,884,853</b>	<b>76,450,235</b>	<b>112,984,883</b>	<b>358,071</b>	<b>6,914,107</b>	<b>1,152,900</b>	<b>1,020,088</b>	<b>122,430,049</b>

**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**8. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Carrying Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>(i) Fair Value</b>					
<b>Land and buildings</b>					
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.
<p>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.</p> <p>During the period there were no changes in the valuation techniques used by the local government to determine the fair value of Land and Buildings using either level 2 or level 3 inputs.</p>					
<b>(ii) Cost</b>					
<b>Furniture and equipment</b>	N/A	Cost	Not Applicable		N/A
<b>Plant and equipment</b>	N/A	Cost	Not Applicable		N/A



**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**9. INFRASTRUCTURE**

**(a) Movements in Balances**

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

	Note	Infrastructure - Roads Restated*	Infrastructure - Footpaths	Infrastructure - Drains Restated*	Infrastructure - Parks and Ovals	Infrastructure - Other	Work in Progress	Total Infrastructure
		\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>		188,009,258	27,081,795	124,257,419	12,008,962	15,470,989	4,700,937	371,529,361
Correction of error	34							
Found Assets (Gross carrying value)		2,177,058	0	1,564,589	0	0	0	3,741,647
Depreciation		(118,749)	0	(55,221)	0	0	0	(173,969)
<b>Balance at 1 July 2020 (restated)</b>		190,067,568	27,081,795	125,766,787	12,008,962	15,470,989	4,700,937	375,097,039
Additions		3,259,039	901,286	331,312	1,808,400	296,500	3,206,142	9,802,680
(Disposals)		(20,095)	(13,069)	(4,347)	(17,893)	(22,502)	0	(77,907)
Transfers from Work in Progress		1,663,262	376,826	69,541	224,265	0	(2,348,448)	(14,553)
Depreciation	10(a)	(4,657,000)	(999,861)	(1,612,557)	(1,025,214)	(903,564)	0	(9,198,196)
<b>Balance at 30 June 2021</b>		190,312,774	27,346,977	124,550,736	12,998,520	14,841,424	5,558,631	375,609,062
<b>Comprises:</b>								
Gross balance at 30 June 2021		203,778,702	30,157,760	129,044,447	15,573,683	17,095,136	5,558,631	401,208,359
Accumulated depreciation at 30 June 2021		(13,465,929)	(2,810,783)	(4,493,710)	(2,575,163)	(2,253,712)	0	(25,599,297)
<b>Balance at 30 June 2021</b>		190,312,774	27,346,977	124,550,736	12,998,520	14,841,424	5,558,631	375,609,062
Additions		4,273,010	700,783	486,412	2,454,589	444,111	7,993,816	16,352,722
(Disposals)		(2,481)	(17,218)	(14,023)	(90,708)	(163,254)	0	(287,685)
Transfers from Work in Progress		301,275	0	173,338	5,009	44,525	(542,654)	(18,506)
Depreciation	10(a)	(4,715,349)	(1,021,885)	(1,466,324)	(1,007,258)	(947,716)	0	(9,158,533)
<b>Balance at 30 June 2022</b>		190,169,228	27,008,656	123,730,140	14,360,152	14,219,090	13,009,794	382,497,060
<b>Comprises:</b>								
Gross balance at 30 June 2022		208,347,296	30,785,259	129,680,626	17,756,304	17,275,380	13,009,794	416,854,659
Accumulated depreciation at 30 June 2022		(18,178,068)	(3,776,603)	(5,950,486)	(3,396,152)	(3,056,290)	0	(34,357,599)
<b>Balance at 30 June 2022</b>		190,169,228	27,008,656	123,730,140	14,360,152	14,219,090	13,009,794	382,497,060

\* Refer Note 34 for details regarding the restatement of prior period amounts.

**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**9. INFRASTRUCTURE (Continued)**

**(b) Carrying Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>(i) Fair Value</b>					
<b>Infrastructure - RoadsRestated*</b>	Level 3	Cost approach using current replacement cost	Independent valuation	June 2018	Observable input based on depreciation replacement cost (Level 3)
<b>Infrastructure - Footpaths</b>	Level 3	Cost approach using current replacement cost	Independent valuation	June 2018	Observable input based on depreciation replacement cost (Level 3)
<b>Infrastructure - DrainsRestated*</b>	Level 3	Cost approach using current replacement cost	Independent valuation	June 2018	Observable input based on depreciation replacement cost (Level 3)
<b>Infrastructure - Parks and Ovals</b>	Level 3	Cost approach using current replacement cost	Independent valuation	June 2018	Observable input based on depreciation replacement cost (Level 3)
<b>Infrastructure - Other</b>	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 2022**

**10. FIXED ASSETS**

**(a) Depreciation**

	Note	2022 Actual	2022 Budget	2021 Actual Restated*
		\$	\$	\$
Improvements to Land - vested in and under the control of Council	8(a)	67,749	0	67,749
Buildings - specialised	8(a)	3,368,967	1,791,497	3,134,129
Furniture and equipment	8(a)	55,784	308,353	53,424
Plant and equipment	8(a)	956,196	800,087	797,360
Infrastructure - Roads	9(a)	4,715,349	4,509,853	4,657,000
Infrastructure - Footpaths	9(a)	1,021,885	966,884	999,861
Infrastructure - Drains	9(a)	1,466,324	1,568,209	1,612,557
Infrastructure - Parks and Ovals	9(a)	1,007,258	964,634	1,025,214
Infrastructure - Other	9(a)	947,716	885,508	903,564
Right-of-use assets - plant and equipment	11(a)	47,964	63,636	33,319
		<b>13,655,193</b>	<b>11,858,661</b>	<b>13,284,177</b>
<b>Amortisation</b>				
Intangible assets - Computer software	12	109,723	0	101,542
		<b>109,723</b>	<b>0</b>	<b>101,542</b>
		<b>13,764,916</b>	<b>11,858,661</b>	<b>13,385,719</b>

\* Refer Note 34 for details regarding the restatement of prior period amounts.

**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
<b>Buildings</b>	
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

**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**10. FIXED ASSETS (Continued)**  
Depreciation rates

Infrastructure			
Category	Component	Material	Useful Life
Roads	Surface	Cement	50
		Brick Paving	50
		Asphalt	25
	Pavement Base	Single Seal	20
		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
		Mortared	
Parks and Gardens		Including playground equipment	10 to 50

**CITY OF KALAMUNDA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**10. FIXED ASSETS (Continued)**

**(b) Disposals of assets**

	2022 Actual Net Book Value \$	2022 Actual Sale Proceeds* \$	2022 Actual Profit \$	2022 Actual Loss \$	2022 Budget Net Book Value \$	2022 Budget Sale Proceeds \$	2022 Budget Profit \$	2022 Budget Loss \$	2021 Actual Net Book Value \$	2021 Actual Sale Proceeds** \$	2021 Actual Profit \$	2021 Actual Loss \$
Land - freehold land	1,367,205	875,000	0	(492,205)	0	0	0	0	0	0	0	0
Buildings - specialised	1,022,741	875,000	0	(147,741)	0	0	0	51,583	0	0	0	(51,583)
Furniture and equipment	15,912	0	0	(15,912)	0	0	0	0	0	0	0	0
Plant and equipment	223,600	117,244	0	(106,356)	0	0	0	113,980	155,679	41,699	0	0
Plant and equipment - Other	199,566	268,976	69,409	0	0	0	0	431,844	259,726	0	0	(172,118)
Infrastructure - Roads	2,481	0	0	(2,481)	0	0	0	20,095	0	0	0	(20,095)
Infrastructure - Footpaths	17,218	0	0	(17,218)	0	0	0	13,069	0	0	0	(13,069)
Infrastructure - Drains	14,023	0	0	(14,023)	0	0	0	4,347	0	0	0	(4,347)
Infrastructure - Parks and Ovals	90,708	0	0	(90,708)	0	0	0	17,893	0	0	0	(17,893)
Infrastructure - Other	163,254	0	0	(163,254)	0	0	0	22,502	0	0	0	(22,502)
	<u>3,116,709</u>	<u>2,136,219</u>	<u>69,409</u>	<u>(1,049,899)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>675,314</u>	<u>415,405</u>	<u>41,699</u>	<u>(301,608)</u>

\* Total cash proceeds received from the disposal of fixed assets during 2021/2022 - \$1,940,718  
 The balance \$195,502 (\$2,136,219-1,940,718) represents the asset trade in values received from disposals.  
 \*\* Total cash proceeds received from the disposal of fixed assets during 2020/2021 - \$158,044.

The following assets were disposed of during the year.

	2022 Actual Net Book Value \$	2022 Actual Sale Proceeds \$	2022 Actual Profit \$	2022 Actual Loss \$
<b>Plant and Equipment</b>				
Law, order, public safety	26,985	26,948	0	(38)
Education and welfare	11,200	11,860	660	0
Transport	1,591	0	0	(1,591)
Other property and services (loss)	195,023	90,296	0	(104,727)
Other property and services (profit)	188,366	257,115	68,749	0
	<u>423,166</u>	<u>386,219</u>	<u>69,409</u>	<u>(106,356)</u>
<b>Land</b>				
Other Property and Services	467,205	0	0	(467,205)
Recreation and culture	900,000	875,000	0	(25,000)
	<u>1,367,205</u>	<u>875,000</u>	<u>0</u>	<u>(492,205)</u>
<b>Other Asset class</b>				
<b>Program</b>				
Recreation and culture	1,037,863	875,000	0	(162,863)
Education and welfare	791	0	0	(791)
Transport	287,685	0	0	(287,685)
	<u>1,326,339</u>	<u>875,000</u>	<u>0</u>	<u>(451,339)</u>
	<u>3,116,709</u>	<u>2,136,219</u>	<u>69,409</u>	<u>(1,049,899)</u>

**CITY OF KALAMUNDA  
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**10. FIXED ASSETS (Continued)**

**SIGNIFICANT ACCOUNTING POLICIES**

**Fixed assets**

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

**Initial recognition and measurement for assets held at cost**

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

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

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

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

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 scheduled revaluation dates 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 revaluation in with the mandatory revaluation date 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.

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

**Revaluation (continued)**

For property, plant and equipment and infrastructure, 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. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

**Depreciation**

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

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

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

**Depreciation on revaluation**

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

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

**Amortisation**

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

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

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

**CITY OF KALAMUNDA  
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**11. LEASES**

**(a) Right-of-Use Assets**

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.	Note	Right-of-use assets - plant and equipment \$	Right-of-use assets Total \$
<b>Balance at 1 July 2020</b>		0	0
Additions		134,011	134,011
Depreciation		(33,319)	(33,319)
<b>Balance at 30 June 2021</b>		100,692	100,692
Additions		113,676	113,676
Depreciation	10(a)	(47,964)	(47,964)
<b>Balance at 30 June 2022</b>		166,403	166,403

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

		2022 Actual \$	2021 Actual \$
Depreciation on right-of-use assets	10(a)	47,964	33,319
Interest expense on lease liabilities	29(d)	1,216	678
Low-value asset lease payments recognised as expense		21,315	62,112
<b>Total amount recognised in the statement of comprehensive income</b>		<b>70,495</b>	<b>96,109</b>
Total cash outflow from leases		(49,350)	(32,551)

**(b) Lease Liabilities**

	29(d)	2022 Actual \$	2021 Actual \$
Current		65,712	44,711
Non-current		100,611	56,071
		<b>166,323</b>	<b>100,782</b>

**Secured liabilities and assets pledged as security**

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

**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 term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 29(d).

**Right-of-use assets - valuation measurement**

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

Refer to Note 10 under revaluation 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 shorter. 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  
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**12. INTANGIBLE ASSETS**

	Note	2022 Actual \$	2021 Actual \$
<b>Intangible assets</b>			
<b>Non-current</b>			
Computer software		899,852	899,852
Initial Application of Software as a Service (SaaS)		(232,108)	0
Less: Accumulated amortisation		(667,744)	(558,021)
		0	341,831
Movements in balances of intangible assets during the financial year are shown as follows:			
<b>Balance at 1 July</b>		341,831	337,058
Recognition of computer software		0	106,315
Initial Application of Software as a Service (SaaS)*		(232,108)	0
Amortisation of computer software	10(a)	(109,723)	(101,542)
<b>Balance at 30 June</b>		0	341,831
<b>Intangible Assets Work In Progress</b>			
<b>Balance at 1 July</b>		521,554	528,900
Additions during the year		55,820	98,969
Transfer to Intangible Assets		0	(106,315)
Initial Application of Software as a Service (SaaS)*		(577,374)	0
<b>Balance at 30 June</b>		0	521,554
<b>TOTAL INTANGIBLE ASSETS</b>		0	863,385

\*Total intangible assets classified as Software as a Service (SaaS) arrangement during the year is \$809,483.

**Software as Service (SaaS) arrangements**

SaaS arrangements are service contracts providing the City with the right to access the cloud provider's application software over the contract period. As such, the City does not receive a software intangible asset at the contract commencement date. Implementation costs including cost to configure or customise the cloud provider's application software are generally recognised as operating expenses when the services are received. However, configuration and customisation costs not distinct from the SaaS access and performed by the cloud provider are recognised as a prepayment and expensed when the supplier provides access to the application software over the contract period.

**Changes in Accounting Policies**

The IFRS Interpretation Committee (IFRIC) has issued the agenda decisions with respect to accounting for SaaS arrangements. The agenda decision concluded that Software as a Service (SaaS) arrangements are likely to be service arrangements rather than intangible or leased assets. This is because the customer typically only has a right to receive future access to the supplier's software running on the supplier's cloud infrastructure and therefore the supplier controls the intellectual property (IP) of the underlying software code.

Management assessed all possible SaaS arrangements against IFRIC criteria and identified all intangible assets and construction in progress capital projects meeting the criteria of SaaS arrangements.



**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**13. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors	
Prepaid rates	
Accrued payroll liabilities	
Bonds and deposits held	
Income in Advance	
Public Open Space funds - received prior to 10 April 2006	
Accrued interest on long term borrowings	
Accrued Expenses	
Retention Money	

	2022	2021
	\$	\$
	5,830,027	5,220,111
	2,366,213	2,464,112
	396,625	322,134
	2,437,146	1,866,550
	4,154	15,666
	151,224	156,748
	75,416	81,531
	467,433	411,310
	0	103,213
	<b>11,728,238</b>	<b>10,641,375</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Trade and other payables**

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

**Trade and other payables (Continued)**

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

**Prepaid rates**

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

**Bonds**

For certain infrastructure works and hall hire, the City requires a refundable bond amount to be paid by the applicant. The bond amount provides security against any damage to the City's property. The amount is recognised as a liability until such a time as it is refunded to the applicant or is forfeited.

**CITY OF KALAMUNDA  
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FOR THE YEAR ENDED 30 JUNE 2022**

**14. OTHER LIABILITIES**

**(a) 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)

Note	2022 \$	2021 \$
	3,377,975	1,894,985
	738,752	1,251,366
	<u>4,116,727</u>	<u>3,146,351</u>

**Reconciliation of changes in capital grant/contribution liabilities**

**(i) Capital grants received from State and Commonwealth Government**

Balance at the start of the year  
Net Movement during the financial year  
Balance at the end of the year

	1,894,985	1,813,298
	1,482,990	81,687
	<u>3,377,975</u>	<u>1,894,985</u>

**(ii) Forrestfield Industrial Area Scheme Stage 1**

Balance at the start of the year  
Net Movement during the financial year  
Balance at the end of the year

30	1,251,366	401,407
	(512,614)	849,959
	<u>738,752</u>	<u>1,251,366</u>

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

<u>4,116,727</u>
<u>4,116,727</u>

Capital grant liabilities are expected to be recognised as revenue in accordance with the following time bands:  
Less than 1 year

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

**SIGNIFICANT ACCOUNTING POLICIES**

**Capital grant/contribution liabilities**

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

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 25(i)) due to the unobservable inputs, including own credit risk.

**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.

**(b) Non-current**

Deferred Salary Scheme - Employee Contribution

	43,716	10,945
	<u>43,716</u>	<u>10,945</u>

**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**15. BORROWINGS**

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
<b>Secured</b>		\$	\$	\$	\$	\$	\$
Debentures		1,229,486	7,756,176	8,985,662	1,228,737	8,785,662	10,014,399
<b>Total secured borrowings</b>	29(a)	<u>1,229,486</u>	<u>7,756,176</u>	<u>8,985,662</u>	<u>1,228,737</u>	<u>8,785,662</u>	<u>10,014,399</u>

**Secured liabilities and assets pledged as security**

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the City of Kalamunda. The City of Kalamunda has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 years.

**SIGNIFICANT ACCOUNTING POLICIES**

**Borrowing costs**

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

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 25(i)) due to the unobservable inputs, including own credit risk.

**Risk**

Information regarding exposure to risk can be found at Note 23. Details of individual borrowings required by regulations are provided at Note 29(a).

**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**16. EMPLOYEE RELATED PROVISIONS**

**Employee Related Provisions**

	2022	2021
	\$	\$
<b>(a) Current provisions</b>		
<b>Employee benefit provisions</b>		
Annual Leave	2,167,477	2,252,983
Long Service Leave	2,539,883	2,435,538
	<u>4,707,360</u>	<u>4,688,521</u>
<b>(b) Non-current provisions</b>		
Long Service Leave	464,863	535,574
	<u>464,863</u>	<u>535,574</u>
	<u>5,172,223</u>	<u>5,224,095</u>

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

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

	2022	2021
	\$	\$
<b>Amounts are expected to be settled on the following basis:</b>		
Less than 12 months after the reporting date	2,607,116	2,810,803
More than 12 months from reporting date	2,565,107	2,413,292
	<u>5,172,223</u>	<u>5,224,095</u>

Expected reimbursements of employee related provisions from other WA local governments included within other receivables

Note	2022	2021
	\$	\$
5	176,150	163,299

**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

The City's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related 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 provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period 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.

**CITY OF KALAMUNDA  
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**17. REVALUATION SURPLUS**

	2022 Opening Balance	2022 Revaluation Increment	2022 Revaluation (Decrement)	Total Movement on Revaluation	2022 Closing Balance	2021 Opening Balance	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing 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	32,334,929	0	0	0	32,334,929
Revaluation surplus - Buildings - specialised	59,896,897	0	0	0	59,896,897	59,896,897	0	0	0	59,896,897
Revaluation surplus - Plant and equipment	570,669	0	0	0	570,669	570,669	0	0	0	570,669
Revaluation surplus - Public Art Works	1,152,900	0	0	0	1,152,900	1,152,900	0	0	0	1,152,900
Revaluation surplus - Infrastructure	200,848,340	0	0	0	200,848,340	200,848,340	0	0	0	200,848,340
Revaluation surplus - Share of other comprehensive income of investment in associate	137,084	0	(47,985)	(47,985)	89,099	916,396	0	(779,312)	(779,312)	137,084
Revaluation surplus - Local Government House Investment	147,615	7,994	0	7,994	155,609	142,443	5,172	0	5,172	147,615
	<u>295,088,438</u>	<u>7,994</u>	<u>(47,985)</u>	<u>(39,991)</u>	<u>295,048,447</u>	<u>295,862,578</u>	<u>5,172</u>	<u>(779,312)</u>	<u>(774,140)</u>	<u>295,088,438</u>

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  
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**18. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) 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:

	Note	2022 Actual	2022 Budget	2021 Actual Restated*
		\$	\$	\$
Cash and cash equivalents	3	38,697,929	12,470,787	32,134,446

**Restrictions**

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

- Cash and cash equivalents	3	28,455,402	10,915,406	26,095,278
- Financial assets at amortised cost	4	0	0	3,387,717
		<u>28,455,402</u>	<u>10,915,406</u>	<u>29,482,995</u>

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

Restricted reserve accounts	30	24,357,427	10,915,406	23,511,544
Grants to acquire or construct recognisable non financial assets to be controlled by the City	14(a)	3,377,975	0	3,146,351
Unspent loans	29(c)	720,000	0	2,825,100
<b>Total restricted financial assets</b>		<u>28,455,402</u>	<u>10,915,406</u>	<u>29,482,995</u>

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

Net result		5,075,979	5,408,399	8,756,708
Non-cash items:				
Depreciation/amortisation		13,764,916	11,858,661	13,385,719
(Profit)/loss on sale of asset		980,490	0	259,909
Share of profits of associates		(813,318)	(998,408)	(627,871)
Adjustment to Forrestfield Industrial Area Scheme Stage 1		(512,614)	0	849,959
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		895,928	0	(1,045,715)
(Increase)/decrease in other assets		169,638	0	(11,876)
(Increase)/decrease in inventories		(19,798)	(116,139)	(507)
Increase/(decrease) in trade and other payables		1,293,606	(15,000)	2,058,469
Increase/(decrease) in employee related provisions		(51,872)	963,499	502,027
Increase/(decrease) in Capital grant liabilities		1,515,761	(177,526)	931,646
Non-operating grants, subsidies and contributions		(9,340,471)	(11,326,966)	(11,839,582)
Net cash provided by/(used in) operating activities		<u>12,958,244</u>	<u>5,596,521</u>	<u>13,218,886</u>

**(c) Undrawn Borrowing Facilities**

**Credit Standby Arrangements**

Bank overdraft limit		3,000,000		3,000,000
Bank overdraft at balance date		0		0
Credit card limit		75,000		75,000
Credit card balance at balance date		(2,781)		(2,208)
<b>Total amount of credit unused</b>		<u>3,072,219</u>		<u>3,072,792</u>

**CITY OF KALAMUNDA  
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**19. 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

**-Kalamunda**

15, William Street, Kalamunda, WA, 6706

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 30) to facilitate the annual maintenance of contaminated sites and any future remediation work.

**CITY OF KALAMUNDA  
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**20. CAPITAL COMMITMENTS**

	2022	2021
	\$	\$
Contracted for:		
- capital expenditure projects	1,430,755	273,503
	<u>1,430,755</u>	<u>273,503</u>
Payable:		
- not later than one year	1,430,755	273,503

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.



**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**21. RELATED PARTY TRANSACTIONS**

**(a) Elected Member Remuneration**

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>Mayor</b>			
Mayor's annual allowance	63,354	63,354	63,354
Meeting attendance fees	31,149	31,149	31,149
Annual allowance for ICT expenses	3,500	3,500	2,300
Annual allowance for travel and accommodation expenses	50	50	50
	<b>98,053</b>	<b>98,053</b>	<b>96,853</b>
<b>Deputy Mayor</b>			
Deputy Mayor's annual allowance	11,152	15,839	0
Meeting attendance fees	23,230	23,230	23,230
Annual allowance for ICT expenses	3,500	3,500	2,300
Annual allowance for travel and accommodation expenses	50	50	50
	<b>37,932</b>	<b>42,619</b>	<b>25,580</b>
<b>Councillor 1</b>			
Meeting attendance fees	23,230	23,230	23,230
Annual allowance for ICT expenses	3,500	3,500	2,300
Annual allowance for travel and accommodation expenses	50	50	50
	<b>26,780</b>	<b>26,780</b>	<b>25,580</b>
<b>Councillor 2</b>			
Meeting attendance fees	23,230	23,230	23,230
Annual allowance for ICT expenses	3,100	3,500	2,300
Annual allowance for travel and accommodation expenses	50	50	50
	<b>26,380</b>	<b>26,780</b>	<b>25,580</b>
<b>Councillor 3</b>			
Meeting attendance fees	23,230	23,230	23,230
Annual allowance for ICT expenses	3,500	3,500	2,300
Annual allowance for travel and accommodation expenses	50	50	50
	<b>26,780</b>	<b>26,780</b>	<b>25,580</b>
<b>Councillor 4</b>			
Meeting attendance fees	23,230	23,230	23,230
Annual allowance for ICT expenses	2,300	2,300	2,300
Annual allowance for travel and accommodation expenses	50	50	50
	<b>25,580</b>	<b>25,580</b>	<b>25,580</b>
<b>Councillor 5</b>			
Meeting attendance fees	23,230	23,230	23,230
Annual allowance for ICT expenses	2,300	2,300	2,300
Annual allowance for travel and accommodation expenses	50	50	50
	<b>25,580</b>	<b>25,580</b>	<b>25,580</b>
<b>Councillor 6</b>			
Meeting attendance fees	22,885	23,230	23,230
Annual allowance for ICT expenses	2,266	2,300	2,300
Annual allowance for travel and accommodation expenses	49	50	50
	<b>25,200</b>	<b>25,580</b>	<b>25,580</b>
<b>Councillor 7</b>			
Meeting attendance fees	23,230	23,230	23,230
Annual allowance for ICT expenses	3,500	3,500	2,300
Annual allowance for travel and accommodation expenses	50	50	50
	<b>26,780</b>	<b>26,780</b>	<b>25,580</b>
<b>Councillor 8</b>			
Meeting attendance fees (until October 2021)	7,399	23,230	23,230
Annual allowance for ICT expenses	733	3,500	2,300
Annual allowance for travel and accommodation expenses	16	50	50
	<b>8,147</b>	<b>26,780</b>	<b>25,580</b>

**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**21. RELATED PARTY TRANSACTIONS**

**(a) Elected Member Remuneration (Continued)**

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>Councillor 9</b>			
Deputy Mayor's annual allowance (until October 2021)	4,687	0	15,682
Meeting attendance fees	23,230	23,230	23,230
Annual allowance for ICT expenses	3,500	3,500	2,300
Annual allowance for travel and accommodation expenses	50	50	50
	<b>31,467</b>	<b>26,780</b>	<b>41,262</b>
<b>Councillor 10</b>			
Meeting attendance fees (until October 2021)	7,399	23,230	23,230
Annual allowance for ICT expenses	1,115	3,500	2,300
Annual allowance for travel and accommodation expenses	16	50	50
	<b>8,529</b>	<b>26,780</b>	<b>25,580</b>
<b>Councillor 11</b>			
Meeting attendance fees	16,356	0	0
Annual allowance for ICT expenses	2,385	0	0
Annual allowance for travel and accommodation expenses	34	0	0
	<b>18,776</b>	<b>0</b>	<b>0</b>
<b>Councillor 12</b>			
Meeting attendance fees	16,356	0	0
Annual allowance for ICT expenses	2,385	0	0
Annual allowance for travel and accommodation expenses	34	0	0
	<b>18,776</b>	<b>0</b>	<b>0</b>
	<b>404,761</b>	<b>404,872</b>	<b>393,915</b>

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

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Mayor's annual allowance	63,354	63,354	63,354
Deputy Mayor's annual allowance	15,839	15,839	15,682
Meeting attendance fees	287,384	286,679	286,679
Annual allowance for ICT expenses	37,584	38,400	27,600
Annual allowance for travel and accommodation expenses	600	600	600
	<b>404,761</b>	<b>404,872</b>	<b>393,915</b>

**(b) Key Management Personnel (KMP) Compensation**

	2022 Actual \$	2021 Actual \$
The total of compensation paid to KMP of the City during the year are as follows:		
Short-term employee benefits	870,668	854,470
Post-employment benefits	86,525	80,506
Employee - other long-term benefits	369,231	308,223
Council member costs	404,761	393,915
	<b>1,731,184</b>	<b>1,637,114</b>

*Short-term employee benefits*

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

*Post-employment benefits*

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

*Other long-term benefits*

These amounts represent annual leave and long service leave entitlements accruing during the year.

*Council member costs*

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**21. RELATED PARTY TRANSACTIONS**

**(c) Transactions with related parties**

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

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

In addition to KMP compensation above the following transactions occurred with related parties:

	2022 Actual	2021 Actual
	\$	\$
Purchase of goods and services	4,019,903	4,138,622
<b>Investments in associates:</b>		
Net Increase/decrease in Equity in Investments in Associates	765,333	627,871
Distributions received from investments in associates	828,394	0
<b>Amounts payable to related parties:</b>		
Trade and other payables	363,286	356,493

**(d) Related Parties**

**The City's main related parties are as follows:**

*i. Key management personnel*

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

*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  
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**22. INVESTMENT IN ASSOCIATES**

**(a) Investment in associate**

Set out in the table below are the associates of the City. All associates are measured using the equity method. Western Australia is the principal place of business for all associates.

Name of entity	% of ownership interest		2022	2021
	2022	2021	Actual	Actual
Eastern Metropolitan Regional Council	17.49%	15.67%	\$ 29,871,503	\$ 29,106,170
<b>Total equity-accounted investments</b>			<b>29,871,503</b>	<b>29,106,170</b>

**(b) Share of Investment in Eastern Metropolitan Regional Council**

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 City has determined it has significant influence over the Regional Council despite holding less than 20% of the voting rights. The City has representation of Council and participates in policy-making decisions including the decisions regarding contributions and distributions.

	2022	2021
	Actual	Actual
	\$	\$
<b>Summarised statement of comprehensive income</b>		
Revenue	42,386,210	45,090,716
Interest income	521,453	824,582
Interest expense	(150,740)	(227,467)
Depreciation	(4,896,630)	(6,452,174)
Profit/(loss) from continuing operations	6,006,892	10,296,371
Profit/(loss) for the period	6,006,892	10,296,371
Other comprehensive income	0	(4,009,286)
Total comprehensive income for the period	6,006,892	6,287,085
<b>Summarised statement of financial position</b>		
Cash and cash equivalents	24,378,874	55,361,145
Other current assets	60,828,373	36,123,596
Total current assets	85,207,247	91,484,741
Non-current assets	121,339,609	115,414,742
Total assets	206,546,856	206,899,483
Other current liabilities	8,077,758	14,439,344
Total current liabilities	8,077,758	14,439,344
Other non-current liabilities	27,709,744	6,707,161
Total non-current liabilities	27,709,744	6,707,161
Total liabilities	35,787,502	21,146,505
<b>Net assets</b>	<b>170,759,354</b>	<b>185,752,978</b>
<b>Reconciliation to carrying amounts</b>		
Opening net assets 1 July	185,752,978	179,465,893
Changes in members' contributions	(21,000,517)	0
Profit/(Loss) for the period	6,006,892	10,296,371
Other comprehensive income	0	(4,009,286)
Closing net assets 1 July	170,759,354	185,752,978
<b>Carrying amount at 1 July</b>	<b>32,488,196</b>	<b>28,122,305</b>
- Share of associates net profit/(loss) for the period	1,056,297	1,613,441
- Share of associates other comprehensive income arising during the period	0	(629,576)
- Movement in member contributions	(3,672,990)	0
<b>Carrying amount at 30 June (Refer to Note 22.(a))</b>	<b>29,871,503</b>	<b>29,106,170</b>

**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**22. INVESTMENT IN ASSOCIATES (Continued)**

**SIGNIFICANT ACCOUNTING POLICIES**

**Investments in associates**

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

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

**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**23. 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
<b>Market risk - interest rates</b>	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
<b>Liquidity risk</b>	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, term deposits, and Treasury bonds held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
<b>2022</b>					
Cash and cash equivalents	0.52%	38,697,929	3,396,075	24,683,630	10,618,224
Financial assets at amortised cost - term deposits	0.36%	0	0	0	0
<b>2021</b>					
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

**Sensitivity**

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

	2022	2021
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	246,836	281,070

\* Holding all other variables constant

**Borrowings**

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The City does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 29(a).

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**23. 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. The City is able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly.

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 2021 or 1 July 2022 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 2022 and 30 June 2021 for rates receivable was determined as follows:

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total	Note
<b>30 June 2022</b>						
Rates receivable	1,126,449	415,593	500,070	787,409	2,829,521	
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount					0	
Loss allowance	0	0	0	0	0	5
<b>30 June 2021</b>						
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	5

The loss allowance as at 30 June 2022 and 30 June 2021 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	Note
<b>30 June 2022</b>						
Trade and other receivables	162,964	163,015	6,965	105,896	438,841	
Expected credit loss	0.03%	0.04%	0.04%	0.47%		
Gross carrying amount	162,964	163,015	6,965	105,896	438,841	
Loss allowance	49	65	28	498	640	5
<b>30 June 2021</b>						
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	5

**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**23. 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 18(c).

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<b>2022</b>					
Trade and other payables	11,728,238	0	0	11,728,238	11,728,238
Borrowings*	1,489,077	6,566,420	2,183,509	10,239,006	10,239,006
Lease liabilities	65,712	100,611	0	166,323	166,323
	<u>13,283,027</u>	<u>6,667,031</u>	<u>2,183,509</u>	<u>22,133,567</u>	<u>22,133,567</u>
<b>2021</b>					
Trade and other 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>

\* Borrowings include the principal and interest repayments due.

**24. 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 2021/2022.



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 regularity 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.

**k) Initial application of accounting standards**  
During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

**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  
- AASB 2021-7 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

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

**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**26. FUNCTION AND ACTIVITY**

**(a) Service objectives and descriptions**

City operations as disclosed in this financial report encompass the following service orientated functions and activities.

<b>Objective</b>	<b>Description</b>
<p><b>GOVERNANCE</b> 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><b>GENERAL PURPOSE FUNDING</b> To collect revenue to allow for the provision of services.</p>	Rates, general purpose government grants and interest revenue.
<p><b>LAW, ORDER, PUBLIC SAFETY</b> 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><b>HEALTH</b> 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><b>EDUCATION AND WELFARE</b> 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><b>COMMUNITY AMENITIES</b> 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><b>RECREATION AND CULTURE</b> 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><b>TRANSPORT</b> 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><b>ECONOMIC SERVICES</b> To help promote the City and its economic wellbeing.</p>	Tourism and area promotion, rural services and building control.
<p><b>OTHER PROPERTY AND SERVICES</b> 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**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**26. FUNCTION AND ACTIVITY (Continued)**

**(b) Income and expenses**

	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>2021 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Income excluding grants, subsidies and contributions</b>			
General purpose funding	40,647,777	39,810,360	39,019,789
Law, order, public safety	371,349	311,330	348,955
Health	900,445	635,617	903,027
Education and welfare	53,024	27,500	51,766
Community amenities	13,554,145	13,036,330	12,925,176
Recreation and culture	1,268,967	962,765	1,189,424
Transport	9,585	10,000	11,661
Economic services	433,526	209,080	434,751
Other property and services	1,881,499	1,200,507	923,774
	<b>59,120,318</b>	<b>56,203,489</b>	<b>55,808,323</b>
<b>Grants, subsidies and contributions</b>			
Governance	18,513	0	30
General purpose funding	3,377,924	1,160,662	2,461,805
Law, order, public safety	452,126	197,169	180,644
Health	4,590	0	1,392
Education and welfare	28,427	3,250	5,707
Community amenities	551,802	685,250	70,476
Recreation and culture	2,039,643	1,551,376	6,363,200
Transport	3,387,870	6,647,457	3,167,441
Economic services	25,000	0	0
Other property and services	5,098,735	3,758,630	2,657,940
	<b>14,984,630</b>	<b>14,003,794</b>	<b>14,908,635</b>
<b>Total Income</b>	<b>74,104,948</b>	<b>70,207,283</b>	<b>70,716,958</b>
<b>Expenses</b>			
Governance	(3,212,526)	(3,037,893)	(3,065,048)
General purpose funding	(760,372)	(679,300)	(670,319)
Law, order, public safety	(2,150,697)	(2,185,295)	(2,222,439)
Health	(1,740,952)	(1,842,687)	(1,653,135)
Education and welfare	(352,371)	(363,808)	(351,869)
Community amenities	(16,209,597)	(16,864,816)	(15,274,397)
Recreation and culture	(22,164,727)	(19,912,676)	(20,590,203)
Transport	(14,228,029)	(13,843,756)	(13,457,723)
Economic services	(1,176,192)	(1,274,380)	(1,331,667)
Other property and services	(7,033,507)	(4,794,274)	(3,343,449)
<b>Total expenses</b>	<b>(69,028,969)</b>	<b>(64,798,884)</b>	<b>(61,960,250)</b>
<b>Net result for the period</b>	<b>5,075,979</b>	<b>5,408,399</b>	<b>8,756,708</b>

**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**26. FUNCTION AND ACTIVITY (Continued)**

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
<b>(c) Fees and Charges</b>			
Governance			
General purpose funding	228,940	197,000	60,890
Law, order, public safety	305,686	271,330	295,736
Health	898,595	635,017	900,727
Education and welfare	53,025	27,500	51,766
Community amenities	13,469,145	13,036,330	12,925,176
Recreation and culture	1,268,967	962,765	1,189,423
Transport	9,585	10,000	12,136
Economic services	433,526	204,080	433,731
Other property and services	165,142	198,500	246,780
	<b>16,832,610</b>	<b>15,542,522</b>	<b>16,116,365</b>

	2022 Actual	2021 Actual Restated*
	\$	\$
<b>(d) Total Assets</b>		
Governance	8,674,652	8,673,974
General purpose funding	19,328,949	18,163,767
Law, order, public safety	1,353,248	1,380,233
Health	3,454,312	3,166,906
Education and welfare	2,743,831	2,755,031
Community amenities	43,550,583	42,331,605
Recreation and culture	102,728,717	105,921,884
Transport	386,421,413	380,876,840
Economic services	2,425	2,425
Other property and services	11,440,616	10,315,154
	<b>579,698,746</b>	<b>573,587,818</b>

\* Refer Note 34 for details regarding the restatement of prior period amounts.

**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**27. RATING INFORMATION**

**(a) General Rates**

<b>RATE TYPE</b>				<b>2021/22 Actual Rateable Value</b>	<b>2021/22 Actual Rate Revenue</b>	<b>2021/22 Actual Interim Rates</b>	<b>2021/22 Actual Total Revenue</b>	<b>2021/22 Budget Rate Revenue</b>	<b>2021/22 Budget Interim Rate</b>	<b>2021/22 Budget Total Revenue</b>	<b>2020/21 Actual Total Revenue</b>
<b>Rate Description</b>	<b>Basis of valuation</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Differential general rate or general rate											
General GRV	Gross rental valuation	0.070843	21,729	391,024,433	26,989,312	150,917	27,140,229	26,997,950	0	26,997,950	26,617,506
Industrial/Commercial GRV	Gross rental valuation	0.074927	626	124,172,728	9,268,934	291,712	9,560,646	9,268,934	0	9,268,934	8,763,266
Vacant GRV	Gross rental valuation	0.088164	828	11,960,071	833,392	283,663	1,117,055	831,997	0	831,997	728,885
<b>Unimproved valuations</b>											
General UV	Unimproved valuation	0.003533	286	178,340,000	630,075	0	630,075	631,718	0	631,718	619,050
Industrial/Commercial UV	Unimproved valuation	0.004180	51	33,965,249	140,971	0	140,971	141,054	0	141,054	140,574
<b>Sub-Total</b>			<b>23,520</b>	<b>739,462,481</b>	<b>37,862,684</b>	<b>726,292</b>	<b>38,588,976</b>	<b>37,871,653</b>	<b>0</b>	<b>37,871,653</b>	<b>36,869,281</b>
<b>Minimum payment</b>											
<b>Minimum \$</b>											
General GRV	Gross rental valuation	882	886	0	781,452	12,518	793,970	781,452	0	781,452	1,012,536
Industrial/Commercial GRV	Gross rental valuation	1,102	44	0	48,488	0	48,488	49,590	0	49,590	65,018
Vacant GRV	Gross rental valuation	700	393	0	275,100	0	275,100	275,100	0	275,100	188,682
Unimproved valuations											
General UV	Unimproved valuation	882	0	0	0	0	0	0	0	0	0
Industrial/Commercial UV	Unimproved valuation	1,102	3	0	3,306	0	3,306	3,306	0	3,306	3,306
<b>Sub-Total</b>			<b>1,326</b>	<b>0</b>	<b>1,108,346</b>	<b>12,518</b>	<b>1,120,864</b>	<b>1,109,448</b>	<b>0</b>	<b>1,109,448</b>	<b>1,269,542</b>
<b>Exempt properties</b>											
<b>Gross rental valuations</b>											
General GRV			988	13,643,422	0	0	0	0	0	0	0
<b>Sub-Total</b>			<b>988</b>	<b>13,643,422</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total amount raised from general rates</b>											
<b>Ex-gratia Rates</b>											
<b>Total Rates</b>											
							<b>39,925,800</b>			<b>39,137,784</b>	<b>38,342,129</b>

(b) The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 *Income for not-for-profit entities*.

**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**27. RATING INFORMATION (Continued)**

**(c) Specified Area Rate**

No Specified area rates were imposed by the City during the year ended 30 June 2022.

**(d) Service Charges**

No service charges were imposed by the City during the year ended 30 June 2022.

**(e) Discounts, Incentives, Concessions, & Write-offs**

**Rates Discounts**

The City did not offer any rates discounts or incentives for the year ended 30 June 2022.

**Waivers or Concessions**

The City did not offer any waivers or concessions for the year ended 30th June 2022.

**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**27. RATING INFORMATION (Continued)**

**(f) Interest Charges & Instalments**

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	26 August 2021	0	0.0%	7.0%
<b>Option Two</b>				
First instalment	26 August 2021	0	5.5%	7.0%
Second instalment	29 December 2021	8	5.5%	7.0%
<b>Option Three</b>				
First instalment	26 August 2021	0	5.5%	7.0%
Second instalment	27 October 2021	8	5.5%	7.0%
Third instalment	29 December 2021	8	5.5%	7.0%
Fourth instalment	02 March 2022	8	5.5%	7.0%

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Interest on unpaid rates	210,578	201,151	300,082
Interest on instalment plan	150,068	161,425	161,298
Instalment plan admin charge revenue	127,320	140,000	0
	<u>487,966</u>	<u>502,576</u>	<u>461,380</u>

**CITY OF KALAMUNDA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**28. RATE SETTING STATEMENT INFORMATION**

		2021/22 (30 June 2022 Carried Forward)	2021/22 Budget (30 June 2022 Carried Forward)	2021/22 (1 July 2021 Brought Forward)	2020/21 (30 June 2021 Carried Forward)
Note	\$	\$	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>					
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> .					
<b>Adjustments to operating activities</b>					
Less: Profit on asset disposals	10(b)	(69,409)	0	(41,699)	(41,699)
Less: Share of net profit of associates and joint ventures accounted for using the equity method		(813,318)	(998,408)	(627,871)	(627,871)
Add: Loss on disposal of assets	10(b)	1,049,899	0	301,608	301,608
Add: Depreciation	10(a)	13,764,916	11,858,661	13,385,719	13,385,719
Add: Initial Application of Software as a Service (SaaS)	12	809,483	0	0	0
Pensioner deferred rates		(32,194)	(20,000)	(39,975)	(39,975)
Employee benefit provisions		(53,302)	377,948	502,027	502,027
Other Liabilities		32,771	0	10,945	10,945
Add: Bad debts written off		4,582	0	25,827	25,827
<b>Non-cash amounts excluded from operating activities</b>		<b>14,693,428</b>	<b>11,218,201</b>	<b>13,516,581</b>	<b>13,516,581</b>
<b>(b) Non-cash amounts excluded from investing activities</b>					
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .					
<b>Adjustments to investing activities</b>					
Movement in non-current capital grant/contribution liability		434,979	0	310,858	310,858
Capital WIP transferred to expenses		30,157	0	256,378	256,378
<b>Non-cash amounts excluded from investing activities</b>		<b>465,136</b>	<b>0</b>	<b>567,236</b>	<b>567,236</b>
<b>(c) Surplus/(deficit) after imposition of general rates</b>					
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.					
<b>Adjustments to net current assets</b>					
Less: Reserve accounts	30	(24,357,427)	(10,915,406)	(23,511,544)	(23,511,544)
Less: Financial assets at amortised cost - self supporting loans	4(a)	(13,131)	(13,130)	(12,414)	(12,414)
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings	15	1,229,486	1,212,544	1,228,737	1,228,737
- Current portion of lease liabilities	11(b)	65,712	0	44,711	44,711
- Employee benefit provisions		4,707,360	4,400,000	4,525,221	4,525,221
<b>Total adjustments to net current assets</b>		<b>(18,368,000)</b>	<b>(5,315,992)</b>	<b>(17,725,289)</b>	<b>(17,725,289)</b>
<b>Net current assets used in the Rate Setting Statement</b>					
Total current assets		43,195,424	21,631,165	41,017,572	41,017,572
Less: Total current liabilities		(21,847,523)	(16,248,638)	(19,749,695)	(19,749,695)
Less: Total adjustments to net current assets		(18,368,000)	(5,315,992)	(17,725,289)	(17,725,289)
<b>Net current assets used in the Rate Setting Statement</b>		<b>2,979,901</b>	<b>66,535</b>	<b>3,542,590</b>	<b>3,542,590</b>



**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**29. BORROWING AND LEASE LIABILITIES**

**(a) Borrowings**

Purpose	Note	Actual							Budget			
		Principal			Principal			Principal			Principal	
		Principal at 1 July 2020	New Loans During 2020-21	Repayments During 2020-21	Principal at 30 June 2021	New Loans During 2021-22	Repayments During 2021-22	Principal at 30 June 2022	Principal at 1 July 2021	New Loans During 2021-22	Repayments During 2021-22	Principal at 30 June 2022
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land Acquisition Kalamunda Road		96,192	0	(96,193)	0	0	0	0	0	0	0	0
Depot Waste Trucks		809,300	0	(51,704)	757,596	0	(54,656)	702,941	757,596	0	(54,656)	702,940
Waste Compactor		85,645	0	(42,299)	43,346	0	(43,346)	0	43,346	0	(43,346)	0
Forrestfield North Development Project - Loan 1		365,348	0	(47,633)	317,715	0	(49,077)	268,638	317,715	0	(49,078)	268,637
Wattle Grove South Planning Study		100,000	0	(19,706)	80,294	0	(19,852)	60,443	80,385	0	(19,852)	60,533
High Wycombe Roads - testing and design		50,000	0	(9,853)	40,147	0	(9,926)	30,221	40,193	0	(9,926)	30,267
Forrestfield North Structure Planning		240,000	0	(47,294)	192,706	0	(47,644)	145,062	192,924	0	(47,644)	145,280
MKSEA Kalamunda Wedge - Development Contribution Plan		40,000	0	(7,882)	32,118	0	(7,941)	24,177	32,154	0	(7,941)	24,213
MKSEA - Preliminary investigations and consultation		70,000	0	(13,794)	56,206	0	(13,896)	42,310	56,270	0	(13,896)	42,374
Foothills Netball Association		58,252	0	(5,333)	52,919	0	(5,684)	47,235	52,919	0	(5,684)	47,235
Kalamunda Swimming Pool		1,301,919	0	(83,176)	1,218,743	0	(87,924)	1,130,819	1,218,743	0	(87,924)	1,130,819
Future Aquatic facility study (Needs analysis)		100,000	0	(19,706)	80,294	0	(19,852)	60,443	80,385	0	(19,852)	60,533
Operations Centre		1,387,177	0	(100,949)	1,286,228	0	(107,899)	1,178,329	1,286,228	0	(107,899)	1,178,329
Newburn Road Extension		82,528	0	(82,528)	0	0	0	0	0	0	0	0
Fleet - Major Plant Replacement Program		2,400,000	0	(289,427)	2,110,573	0	(292,386)	1,818,187	2,191,785	0	(292,386)	1,899,399
Fleet - Light Plant Replacement Program		207,000	0	(51,217)	155,783	0	(51,571)	104,213	155,922	0	(51,571)	104,351
New road Project - Kalamunda Town Centre Upgrade Stage 1		500,000	0	(47,265)	452,735	0	(47,853)	404,883	475,441	0	(47,853)	427,588
Fleet - Minor Plant Replacement Program		0	295,900	0	295,900	0	(58,353)	237,547	295,900	0	(58,309)	237,591
Fleet - Major Plant Replacement Program		0	719,200	0	719,200	0	(86,263)	632,937	719,200	0	(86,126)	633,074
Fleet - Light Plant Replacement Program		0	138,000	0	138,000	0	(34,221)	103,779	138,000	0	(34,119)	103,881
New road Project - Kalamunda Town Centre Upgrade Stage 1 - Female Change Rooms		0	900,000	0	900,000	0	(84,306)	815,694	877,897	0	(84,090)	793,807
Forrestfield North Development Project - Loan 2		0	0	0	0	200,000	0	200,000	0	200,000	0	200,000
<b>Total</b>		<b>7,893,362</b>	<b>3,053,100</b>	<b>(1,015,956)</b>	<b>9,930,507</b>	<b>200,000</b>	<b>(1,216,322)</b>	<b>8,914,184</b>	<b>10,013,003</b>	<b>200,000</b>	<b>(1,215,583)</b>	<b>8,997,420</b>
<b>* Self Supporting Loans</b>												
Forrestfield United Soccer Club		75,678	0	(7,746)	67,932	0	(8,183)	59,749	67,932	0	(8,183)	59,749
Maida Vale Tennis Club		19,951	0	(3,990)	15,961	0	(4,231)	11,730	15,961	0	(4,231)	11,730
<b>Total Self Supporting Loans</b>		<b>95,629</b>	<b>0</b>	<b>(11,737)</b>	<b>83,892</b>	<b>0</b>	<b>(12,414)</b>	<b>71,478</b>	<b>83,893</b>	<b>0</b>	<b>(12,414)</b>	<b>71,479</b>
<b>Total Borrowings</b>	15	<b>7,988,991</b>	<b>3,053,100</b>	<b>(1,027,692)</b>	<b>10,014,399</b>	<b>200,000</b>	<b>(1,228,737)</b>	<b>8,985,663</b>	<b>10,096,896</b>	<b>200,000</b>	<b>(1,227,997)</b>	<b>9,068,899</b>

\* Self supporting loans are financed by payments from third parties. These are shown in Note 4 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 2022**

**29. BORROWING AND LEASE LIABILITIES**

**(a) Borrowings (Continued)**

**Borrowing Interest Repayments**

Purpose	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending	Budget for year ending	Actual for year ending
					30 June 2022	30 June 2022	30 June 2021
					\$	\$	\$
Land Acquisition Kalamunda Road	Community amenities	224	WATC*	5.58%	0	0	(1,125)
Depot Waste Trucks	Community amenities	228	WATC*	5.63%	(41,092)	(41,894)	(44,110)
Waste Compactor	Community amenities	229	WATC*	2.46%	(614)	(801)	(1,666)
Forrestfield North Development Project - Loan 1	Community amenities	230	WATC*	3.01%	(8,938)	(9,197)	(10,390)
Wattle Grove South Planning Study	Community amenities	231	WATC*	0.74%	(540)	(558)	(686)
High Wycombe Roads - testing and design	Community amenities	232	WATC*	0.74%	(270)	(279)	(343)
Forrestfield North Structure Planning	Community amenities	233	WATC*	0.74%	(1,297)	(1,338)	(1,647)
MKSEA Kalamunda Wedge - Development Contribution Plan	Community amenities	234	WATC*	0.74%	(216)	(223)	(275)
MKSEA - Preliminary investigations and consultation	Community amenities	235	WATC*	0.74%	(378)	(390)	(481)
Foothills Netball Association	Recreation and culture	216	WATC*	6.37%	(3,229)	(3,282)	(3,588)
Kalamunda Swimming Pool	Recreation and culture	227	WATC*	5.63%	(66,105)	(67,395)	(70,959)
Future Aquatic facility study (Needs analysis)	Recreation and culture	236	WATC*	0.74%	(540)	(558)	(686)
Operations Centre	Transport	221	WATC*	6.77%	(81,503)	(84,066)	(88,848)
Newburn Road Extension	Transport	226	WATC*	5.67%	0	0	(3,500)
Fleet - Major Plant Replacement Program	Other property and services	237	WATC*	1.02%	(20,433)	(20,784)	(23,396)
Fleet - Light Plant Replacement Program	Other property and services	238	WATC*	1.02%	(944)	(986)	(1,298)
New road Project - Kalamunda Town Centre Upgrade Stage 1	Transport	239	WATC*	1.24%	(5,396)	(5,466)	(5,985)
Fleet - Minor Plant Replacement Program	Other property and services	240	WATC*	0.70%	(1,952)	(2,081)	(120)
Fleet - Major Plant Replacement Program	Other property and services	241	WATC*	1.17%	(8,127)	(8,497)	(485)
Fleet - Light Plant Replacement Program	Other property and services	242	WATC*	0.54%	(690)	(958)	(43)
New road Project - Kalamunda Town Centre Upgrade Stage 1 - Female Change Rooms	Recreation and culture	244	WATC*	1.44%	(12,576)	(13,139)	(745)
Forrestfield North Development Project - Loan 2	Community amenities	245	WATC*	3.60%	(1,125)	0	0
<b>Total</b>					<b>(269,939)</b>	<b>(276,492)</b>	<b>(261,204)</b>
<b>Self Supporting Loans Interest Repayments</b>							
Forrestfield United Soccer Club	Recreation and culture	214	WATC*	5.56%	(3,569)	(3,599)	(4,003)
Maida Vale Tennis Club	Recreation and culture	217	WATC*	5.95%	(853)	(888)	(1,096)
<b>Total Self Supporting Loans Interest Repayments</b>					<b>(4,423)</b>	<b>(4,487)</b>	<b>(5,099)</b>
<b>Total Interest Repayments</b>	2(b)				<b>(274,361)</b>	<b>(280,978)</b>	<b>(266,302)</b>

\* WA Treasury Corporation

**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**29. BORROWING AND LEASE LIABILITIES (Continued)**

**(b) New Borrowings - 2021/22**

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2022 Actual	2022 Budget	2022 Actual	2022 Budget		
Forrestfield North Development Project - Loan 2	WATC*	Debenture	10	3.60%	\$ 200,000	\$ 200,000	\$ (200,000)	\$ (200,000)	\$ 1,125	\$ 0
					<u>200,000</u>	<u>200,000</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>1,125</u>	<u>0</u>

\* WA Treasury Corporation

**(c) Unspent Borrowings**

Particulars	Institution	Date Borrowed	Unspent Balance 1 July 2021	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2022
				\$	\$	\$
Wattle Grove South Planning Study	WATC*	19-May-2020	12,000	0	(12,000)	0
High Wycombe Roads - testing and design	WATC*	19-May-2020	30,000	0	(30,000)	0
MKSEA - Preliminary investigations and consultation	WATC*	19-May-2020	45,000	0	(45,000)	0
Future Aquatic facility study (Needs analysis)	WATC*	19-May-2020	13,000	0	(13,000)	0
New road Project - Kalamunda Town Centre Upgrade Stage 1	WATC*	19-May-2020	445,000	0	(445,000)	0
Fleet - Major Plant Replacement Program	WATC*	10-June-2021	412,100	0	(412,100)	0
Fleet - Light Plant Replacement Program	WATC*	10-June-2021	138,000	0	(138,000)	0
New road Project - Kalamunda Town Centre Upgrade Stage 1 - Female Change Rooms	WATC*	10-June-2021	1,000,000	0	(650,000)	350,000
Forrestfield North Development Project - Loan 2	WATC*	05-May-2022	730,000	0	(360,000)	370,000
			0	200,000	(200,000)	0
			<u>2,825,100</u>	<u>200,000</u>	<u>(2,305,100)</u>	<u>720,000</u>

\* WA Treasury Corporation

**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**29. BORROWING AND LEASE LIABILITIES (Continued)**

**(d) Lease Liabilities**

Purpose	Note	Actual							Budget			
		Principal at 1	New Leases	Principal	Principal at 30	New Leases	Principal	Principal at 30	Principal at 1	New Leases	Principal	Principal at
		July 2020	During 2020-21	Repayments	June 2021	During 2021-22	Repayments	June 2022	July 2021	During 2021-22	Repayments	30 June 2022
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Photocopiers and printers lease		0	134,011	(33,229)	100,782	0	(44,586)	56,196	100,782	0	(33,229)	67,553
Cardio Equipment lease		0	0	0	0	113,676	(3,549)	110,127	0	125,142	(3,549)	121,593
<b>Total Lease Liabilities</b>	11(b)	<b>0</b>	<b>134,011</b>	<b>(33,229)</b>	<b>100,782</b>	<b>113,676</b>	<b>(48,135)</b>	<b>166,323</b>	<b>100,782</b>	<b>125,142</b>	<b>(36,778)</b>	<b>189,146</b>

**Lease Interest Repayments**

Purpose	Note	Function and activity	Lease Number	Institution	Interest Rate	Actual for year	Budget for year	Actual for year	Lease Term
						ending 30 June 2022	ending 30 June 2022	ending 30 June 2021	
						\$	\$	\$	
Photocopiers and printers lease		Other property and services	COK011020	Vestone Capital PTY Limited	0.74%	(593)	(593)	(678)	3 years
Cardio Equipment lease		Recreation and culture	E6TEC63872	MAIA Financial PTY Limited	3.95%	(622)	(622)	0	5 years
<b>Total Interest Repayments</b>	2(b)					<b>(1,216)</b>	<b>(1,215)</b>	<b>(678)</b>	

**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**30. RESERVE ACCOUNTS**

**Restricted by legislation/agreement**

	2022 Actual	2022 Actual	2022 Actual	2022 Actual	2022 Budget	2022 Budget	2022 Budget	2022 Budget	2021 Actual	2021 Actual	2021 Actual	2021 Actual	2021 Actual
	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Net Transfers from Trust Accounts	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		\$
(a) Waste Avoidance and Resource Recovery Reserve	929,968	512,712	(225,306)	1,217,374	576,346	519,268	(407,849)	687,765	428,565	501,403	0	0	929,967
(b) Forrestfield Industrial Scheme Stage 1 Reserve*	1,251,366	1,916,607	(2,429,221)	738,752	653,291	1,001,437	(1,375,102)	279,626	401,406	1,025,048	(175,089)	0	1,251,365
(c) Forrestfield Industrial Area Reserve	124,631	418	0	125,049	124,501	274	0	124,775	124,141	490	0	0	124,631
(d) Public Open Space Funds Reserve	248,679	175,370	(424,049)	0	0	0	0	0	0	66,029	0	182,649	248,678
(e) Public Open Space Funds Reserve - Gooseberry Hill **	0	0	0	0	0	0	0	0	0	0	0	0	0
(f) Public Open Space Funds Reserve - High Wycombe **	0	182,849	0	182,849	0	0	0	0	0	0	0	0	0
(g) Public Open Space Funds Reserve - Maida vale **	0	65,660	0	65,660	0	0	0	0	0	0	0	0	0
(h) Public Open Space Funds Reserve - Kalamunda **	0	55,135	0	55,135	0	0	0	0	0	0	0	0	0
(i) Public Open Space Funds Reserve - Forrestfield **	0	121,074	0	121,074	0	0	0	0	0	0	0	0	0
(j) Public Open Space Funds Reserve - Lesmurdie **	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>2,554,644</b>	<b>3,029,825</b>	<b>(3,078,576)</b>	<b>2,505,892</b>	<b>1,354,138</b>	<b>1,520,979</b>	<b>(1,782,951)</b>	<b>1,092,166</b>	<b>954,112</b>	<b>1,592,970</b>	<b>(175,089)</b>	<b>182,649</b>	<b>2,554,642</b>

**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

30. RESERVE ACCOUNTS (Continued)	2022 Actual	2022 Actual	2022 Actual	2022 Actual	2022 Budget	2022 Budget	2022 Budget	2022 Budget	2021 Actual	2021 Actual	2021 Actual	2021 Actual	2021 Actual
	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Net Transfers from Trust Accounts	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		\$
<b>Restricted by council</b>													
(k) Waste Management Reserve	5,288,105	1,063,048	(836,950)	5,514,203	5,645,471	12,419	(1,346,577)	4,311,313	3,121,555	2,678,807	(512,257)	0	5,288,105
(l) Long Service Leave Reserve	985,971	773,307	0	1,759,278	984,953	2,167	0	987,120	982,101	3,870	0	0	985,971
(m) Land and Property Enhancement and Maintenance Reserve	888,126	1,052,977	0	1,941,103	888,286	1,954	0	890,240	1,434,122	854,003	(1,400,000)	0	888,125
(n) EDP IT Equipment Reserve	480,591	396,609	0	877,200	480,596	46,057	(480,219)	46,434	878,047	302,543	(700,000)	0	480,590
(o) Local Government Elections Reserve	71,567	100,678	(100,000)	72,245	71,420	100,157	(100,000)	71,577	1,040	70,526	0	0	71,566
(p) Insurance Contingency Reserve	185,037	621	0	185,658	184,898	407	0	185,305	284,073	964	(100,000)	0	185,037
(q) Revaluation Reserve	204,338	247	(100,000)	104,585	204,169	449	(100,000)	104,618	303,665	673	(100,000)	0	204,338
(r) Nominated Employee Leave Provisions Reserve	1,810,936	291,075	0	2,102,011	1,808,980	3,979	0	1,812,959	1,988,207	7,729	(185,000)	0	1,810,935
(s) Asset Enhancement Reserve	4,910,878	716,463	(1,425,928)	4,201,413	4,073,338	8,960	(2,693,127)	1,389,171	1,100,384	3,810,494	0	0	4,910,878
(t) Unexpended Capital Works and Specific Purpose Grants Reserve	6,052,891	4,932,096	(6,061,625)	4,923,362	6,054,696	13,319	(6,052,408)	15,607	3,415,163	2,637,727	0	0	6,052,890
(u) Environmental Reserve	69,559	234	(60,750)	9,044	69,493	153	(60,750)	8,896	69,292	272	0	0	69,564
(v) Public Art Reserve	8,901	152,532	0	161,433	0	0	0	0	0	8,901	0	0	8,901
(w) Crisis Relief Fund	0	0	0	0	0	0	0	0	0	500,628	(500,628)	0	0
	20,956,900	9,479,886	(8,585,252)	21,851,534	20,466,300	190,021	(10,833,081)	9,823,240	13,577,649	10,877,136	(3,497,885)	0	20,956,900
	23,511,544	12,509,710	(11,663,828)	24,357,427	21,820,438	1,711,000	(12,616,032)	10,915,406	14,531,763	12,470,107	(3,672,974)	182,649	23,511,544

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 2022**

**30. RESERVE ACCOUNTS (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:

<b>Name of Reserve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
(a) 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.
(b) Forrestfield Industrial Scheme Stage 1 Reserve*	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.
(c) Forrestfield Industrial Area Reserve	Ongoing	To fund infrastructure requirements for the Forrestfield area.
(d) Public Open Space Funds Reserve	Discontinued	To hold money received for the development and maintenance of Public Open Spaces
(e) Public Open Space Funds Reserve - Gooseberry Hill **	Ongoing	To hold money received for the development and maintenance of Public Open Spaces as required by section 154 of the <i>Planning and Development Act 2005</i>
(f) Public Open Space Funds Reserve - High Wycombe **	Ongoing	To hold money received for the development and maintenance of Public Open Spaces as required by section 154 of the <i>Planning and Development Act 2005</i>
(g) Public Open Space Funds Reserve - Maida vale **	Ongoing	To hold money received for the development and maintenance of Public Open Spaces as required by section 154 of the <i>Planning and Development Act 2005</i>
(h) Public Open Space Funds Reserve - Kalamunda **	Ongoing	To hold money received for the development and maintenance of Public Open Spaces as required by section 154 of the <i>Planning and Development Act 2005</i>
(i) Public Open Space Funds Reserve - Forrestfield **	Ongoing	To hold money received for the development and maintenance of Public Open Spaces as required by section 154 of the <i>Planning and Development Act 2005</i>
(j) Public Open Space Funds Reserve - Lesmurdie **	Ongoing	To hold money received for the development and maintenance of Public Open Spaces as required by section 154 of the <i>Planning and Development Act 2005</i>
(k) Waste Management Reserve	Ongoing	To fund financing operations for the development of the City's sanitation service
(l) Long Service Leave Reserve	Ongoing	To provide cash-backing for all long service leave entitlements.
(m) Land and Property Enhancement and Maintenance Reserve	Ongoing	To fund land and property purchases, upgrade and maintenance of existing properties.
(n) EDP IT Equipment Reserve	Ongoing	To fund the upgrade / replacement of the City's computer hardware and software requirements.
(o) Local Government Elections Reserve	Ongoing	To fund the cost of future elections.
(p) Insurance Contingency Reserve	Ongoing	To fund insurance premium variations and potential call backs.
(q) Revaluation Reserve	Ongoing	To fund triennial rating revaluations.
(r) Nominated Employee Leave Provisions Reserve	Ongoing	To fund future nominated staff leave entitlements.
(s) Asset Enhancement Reserve	Ongoing	To fund future replacement of City's' Infrastructure and plant and equipment needs.
(t) 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.
(u) Environmental Reserve	Ongoing	To fund environment strategies and projects.
(v) Public Art Reserve	Ongoing	To fund future Public Art projects.
(w) Crisis Relief Fund	Discontinued	To pay for demonstrable COVID-19 financial hardship experienced by targeting community members/groups.

\* A Capital Grant Liability has been recognised under note 14 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 2022**

**31. 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 2021	Amounts Received	Amounts Paid	30 June 2022
	\$	\$	\$	\$
Wattle Grove - Cell 9*	8,086,454	4,524,690	(6,516,733)	6,094,411
Cash in lieu of Public Open Space	1,885,959	10,889	(978,921)	917,927
NBN Tower Pickering Brook	41,459	26,409	(45,462)	22,406
	<u>10,013,872</u>	<u>4,561,989</u>	<u>(7,541,116)</u>	<u>7,034,744</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.

**32. MAJOR LAND TRANSACTIONS**

The City has been investigating the development of Cambridge Reserve for the purposes of aged care, residential development and improved public open space. The City has been liaising with the Department of Planning, Lands and Heritage (DPLH) to secure the purchase of the subject land, subject to Minister approval, for the purposes of implementing the Cambridge Reserve Community Enhancement Project.

On 21 December 2021, the Council at its Ordinary Meeting considered submissions on, and adopted, a Business Plan for to satisfy the provisions of Section 3.59 of the Local Government Act, given that the purchase of Cambridge Reserve from the State will be defined as a preparatory action for the broader land sale and development activities proposed will be defined as a Major Land Transaction. The Business Plan outlines the City's intention to acquire Cambridge Reserve from the State of WA to implement the Proposed Cambridge Reserve Community Enhancement Project.

**33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The City did not participate in any trading undertakings or major trading undertakings during the 2021/2022 Financial Year.



**CITY OF KALAMUNDA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**34. CORRECTION OF ERROR**

During the year the City recognised some infrastructure assets (traffic management devices, stormwater pits and pipes) which had not been previously recognised.

The City applied the standard infrastructure valuation methods to value these assets, in order to fair value them, which resulted in an increase in the infrastructure assets account balance by \$3,567,678 at 1 July 2020.

AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors requires the entity to correct material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by:

(a) Restating the comparative amounts for the prior period(s) presented in which the error occurred;

or

(b) If the error occurred before the earliest prior period presented, restating the opening balance of assets, liabilities and equity for the earliest period presented.

The City of Kalamunda has retrospectively applied the correction as at 1 July 2020 (beginning of the earliest period practicable) to reflect the City's fair value of the assets.

Statement of Financial Position (Extract)	30 June 2021 \$	Increase/ (Decrease) \$	30 June 2021 (Restated) \$	1 July 2020 \$	Increase/ (Decrease) \$	1 July 2020 (Restated) \$
Infrastructure	372,099,374	3,509,688	375,609,062	371,529,361	3,567,678	375,097,039
Net assets	372,099,374	3,509,688	375,609,062	371,529,361	3,567,678	375,097,039
Retained surplus	222,340,202	3,509,688	225,849,888	222,322,634	3,567,678	225,890,312
Total equity	222,340,202	3,509,688	225,849,888	222,322,634	3,567,678	225,890,312

Statement of Comprehensive Income (Extract)	2021 \$	Increase/ (Decrease) \$	2021 (Restated) \$
<i>By Nature or Type</i>			
Depreciation on non-current assets	13,327,729	57,990	13,385,719
Total Expenses	(61,600,650)	(57,990)	(61,658,640)
Net result for the period	8,814,700	(57,990)	8,756,708
<b>Total comprehensive income for the period</b>	8,040,560	(57,990)	7,982,568

**INDEPENDENT AUDITOR'S REPORT  
2022  
City of Kalamunda**

To the Councillors of the City of Kalamunda

**Qualified Opinion**

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

- the Statement of Financial Position at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, and 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.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the City for the year ended 30 June 2022 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 Qualified Opinion – unrecognised infrastructure assets**

The City has not recognised 969 Infrastructure assets (Drains) in the financial report at 30 June 2022. These assets have been included in the City's Asset Management System at nil values however, were never recorded in the Fixed Assets Register and revalued to their fair value. As these assets have not been recognised in the financial report at fair value in accordance with Regulation 17A(2)(a) of the Local Government (Financial Management) Regulations 1996, I am unable to determine whether the Infrastructure - Drains balance reported in Note 9 of the financial report at \$123,730,140 as at 30 June 2022 (2021: \$124,550,736) is appropriately stated at fair value in the Statement of Financial Position. Additionally, I am unable to determine whether any adjustments are necessary to the related balances and disclosures in the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and related Notes thereto, in respect of Depreciation and Revaluation Surplus.

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Emphasis of Matter – Restatement of comparative balances**

I draw attention to Note 34 to the financial report, which describes the correction of a prior year error. My opinion is not modified in respect to this matter. Infrastructure assets previously unrecognised have been recognised in the current year's financial report. The amount reported in the previously issued financial report for the year ended 30 June 2021 has been restated and disclosed as comparatives in the financial report for the year ended 30 June 2022.

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7<sup>th</sup> Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500

### Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

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

The Chief Executive Officer of the City is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- 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
- 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 responsibilities 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

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

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

### **My independence and quality control relating to the report on the financial report**

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **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 2022 included in the annual report 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. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the City to confirm the information contained in the website version.



Sandra Labuschagne  
Deputy Auditor General  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
2 December 2022