





City of Stirling Financial Statements

.Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Statement by Chief Executive Officer

The attached financial report of the City of Stirling for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the City of Stirling at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 19th day of December 2022



STUART JARDINE PSM
CHIEF EXECUTIVE OFFICER



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The City of Stirling conducts the operations of a local government with the following community vision:

A sustainable City with a local focus.

Principal place of business:
25 Cedric Street,
Stirling WA 6021





Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 City of Stirling

To the Councillors of the City of Stirling

Opinion

I have audited the financial report of the City of Stirling (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, 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 opinion

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.

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 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.

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 Stirling 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
20 December 2022

Statement of Comprehensive Income by Nature or Type

For the year ended 30 June 2022

	Note	2022 Budget \$	2022 Actual \$	2021 Actual \$
Revenue				
Rates	2a, 25	144,596,849	144,434,041	138,442,109
Security service charge	2a	3,060,000	3,067,954	3,043,380
Grants & subsidies	2a	13,750,165	16,371,010	13,722,118
Contributions, reimbursements & donations	2a	3,690,207	3,093,925	3,228,444
Waste service charge	2a	40,148,524	39,782,249	38,477,025
Fees & charges	2a	20,249,022	20,700,586	19,136,668
Interest earnings	2a	1,650,395	1,161,736	1,006,246
Registrations/licences & permits	2a	4,424,370	4,047,753	4,539,145
Underground power	2a	7,162,153	5,918,336	39,389
Other revenue/income	2a	4,533,693	4,759,376	4,350,511
Total revenue from ordinary activities		243,265,378	243,336,966	225,985,035
Expenses				
Employee costs		(93,077,383)	(90,545,522)	(84,298,287)
Materials & contracts direct maintenance of non-current assets		(25,062,612)	(25,567,515)	(22,090,761)
Materials & contracts other works		(73,104,348)	(63,686,811)	(69,012,886)
Underground power		(7,477,829)	(5,550,543)	(36,756)
Utility charge		(7,638,258)	(7,817,306)	(7,259,739)
Depreciation and amortisation	8g	(50,614,808)	(51,425,071)	(51,022,381)
Interest expenses	2b, 27	-	(8,815)	(6,873)
Insurance expenses		(1,872,342)	(1,862,531)	(1,647,821)
Other expenditure		(4,095,194)	(3,274,586)	(3,773,009)
Total expenditure from ordinary activities		(262,942,775)	(249,738,700)	(239,148,513)
Net result from operating activities		(19,677,398)	(6,401,734)	(13,163,478)
Non-operating activities				
Grants & subsidies	2a	22,736,915	21,513,088	19,808,685
Gifted & acquired assets		-	-	65,000
Share of profit/(loss) of associates accounted for using the equity method	21	-	(4,446,834)	(1,790,492)
Profit on sale of Tamala Park land		3,300,000	3,855,193	4,165,714
Fair value adjustment to financial assets	4	-	9,992	6,465
Loss on revaluation of other infrastructure	8c	-	(8,514,209)	-
Profit on asset disposals	8f	318,100	1,438,305	2,272,748
Loss on asset disposals	8f	(1,103,795)	(1,920,600)	(1,158,333)
Total non-operating activities		25,251,220	11,934,935	23,369,787
Net result	17c	5,573,823	5,533,201	10,206,309
Other comprehensive income				
Changes on revaluation of non-current assets	14	-	(7,728,292)	-
Total comprehensive income		5,573,823	(2,195,091)	10,206,309

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

Statement of Financial Position

For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash & cash equivalents	3a / 17	142,555,202	144,619,551
Trade and other receivables	5a	15,620,108	8,033,850
Other assets	5c	1,765,360	1,341,280
Inventories	6	5,176,603	305,134
Contract Assets	7	1,791,725	1,676,982
Total current assets		166,908,998	155,976,797
Non-current assets			
Other financial assets	4	194,509	184,517
Trade and other receivables	5b	2,504,286	9,491,786
Inventory – Land held for resale	6	188,067	-
Contract Assets	7	-	2,185
Property, plant & equipment	8a	732,828,982	747,916,543
Infrastructure	8c	1,644,490,444	1,661,588,197
Intangibles	9	3,158,181	2,594,710
Right of use assets	10	93,351	119,623
Investments	21	56,845,674	26,167,259
Total non-current assets		2,440,303,494	2,448,064,820
Total assets		2,607,212,492	2,604,041,617
Liabilities			
Current liabilities			
Trade and other payables	11	47,082,960	40,916,401
Other liabilities	12	2,525,749	2,931,290
Lease liabilities	27	46,998	50,702
Employee related provisions	13	18,478,023	18,859,533
Total current liabilities		68,133,730	62,757,926
Non-current liabilities			
Lease liabilities	27	50,805	72,815
Employee related provisions	13	1,179,049	1,357,262
Total non-current liabilities		1,229,854	1,430,077
Total liabilities		69,363,584	64,188,003
Net assets		2,537,848,908	2,539,853,614
Equity			
Accumulated surplus		1,085,224,338	1,061,236,390
Reserves – cash/investment backed	28	70,153,272	84,898,889
Reserves – asset revaluation	14	1,382,471,298	1,393,718,335
Total equity		2,537,848,908	2,539,853,614

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

Statement of Changes in Equity

For the year ended 30 June 2022

	Note	Accumulated surplus \$	Reserves cash backed \$	Revaluation surplus \$	Total equity \$
Balance as at 30 June 2020		1,053,295,951	82,218,244	1,397,365,081	2,532,879,276
Comprehensive income					
Net result		10,206,309	-	-	10,206,309
Total comprehensive income		10,206,309	-	-	10,206,309
Realisation of revaluation reserve upon disposal of assets	14	3,646,746	-	(3,646,746)	-
Transfers to and from trust		(3,231,971)	-	-	(3,231,971)
Transfers to reserves	28	(14,552,716)	14,552,716	-	-
Transfers from reserves	28	11,872,071	(11,872,071)	-	-
Balance as at 30 June 2021		1,061,236,390	84,898,889	1,393,718,335	2,539,853,614
Total equity as at 1 July 2021		1,061,236,390	84,898,889	1,393,718,335	2,539,853,614
Comprehensive income					
Net result		5,533,201	-	-	5,533,201
Change on revaluation of non-current assets	14	-	-	(7,728,292)	(7,728,292)
Total comprehensive income		5,533,201	-	(7,728,292)	(2,195,091)
Realisation of revaluation reserve upon disposal of assets	14	3,518,745	-	(3,518,745)	-
Transfers to and from trust	29	190,385	-	-	190,385
Transfers to reserves	28	(18,041,935)	18,041,935	-	-
Transfers from reserves	28	32,787,552	(32,787,552)	-	-
Balance as at 30 June 2022		1,085,224,338	70,153,272	1,382,471,298	2,537,848,908

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

Statement of Cash Flows

For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Receipts			
Rates		151,572,809	136,798,963
Underground power		352,604	18,236
Fees from regulatory services		4,166,569	4,524,580
User charges		65,043,850	60,836,367
Interest earned		638,391	1,196,577
Other grants & contributions		18,351,223	16,943,782
Activity functional operating revenue		2,798,405	8,552,570
		242,923,851	228,871,075
Payments			
Staff expenses		(107,511,630)	(102,995,110)
Materials & contracts		(75,843,870)	(69,142,749)
Underground power		(5,785,431)	(36,755)
Utilities		(7,817,306)	(7,259,739)
Insurance		(1,862,531)	(1,647,822)
Interest		(8,815)	(6,873)
Other expenditure		(3,377,119)	(3,537,781)
		(202,206,702)	(184,626,829)
Net cash from operating activities	17	40,717,149	44,244,246
Cash flows used in investing activities			
New & redevelopment of community infrastructure		(29,939,291)	(37,401,658)
Payments for purchase of property, plant & equipment		(17,809,693)	(17,740,553)
Transfer to trust		–	(3,538,400)
Transfer from trust	29	190,385	4,344,066
Payments for principal portion of lease liabilities		(59,945)	(39,832)
Distributions from investment in associate		(24,566,625)	3,000,000
Proceeds from sale of property, plant & equipment	8f	4,533,809	6,686,216
Non-operating grants and subsidies		24,869,862	19,808,685
Net cash used in investing activities		(42,781,498)	(24,881,476)
Net increase in cash & cash equivalent		(2,064,349)	19,362,770
Cash & cash equivalent at beginning of reporting period		144,619,551	125,256,781
Cash & cash equivalent at end of reporting period	3	142,555,202	144,619,551

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

Rate Setting Statement

- by Nature or Type

For the year ended 30 June 2022

	Note	2022 Budget \$	2022 Actual \$	2021 Actual \$
Net surplus start of financial year	26	38,067,481	27,248,436	22,173,623
Revenue				
Security service charge	2a	3,060,000	3,067,954	3,043,380
Grants & subsidies	2a	13,750,165	16,371,010	13,722,118
Contributions, reimbursements & donations	2a	3,690,207	3,093,925	3,228,444
Waste service charge	2a	40,148,524	39,782,249	38,477,025
Fees & charges	2a	20,249,022	20,700,586	19,136,668
Interest earnings	2a	1,650,395	1,161,736	1,006,246
Registrations/licences & permits	2a	4,424,370	4,047,753	4,539,145
Underground power	2a	7,162,153	5,918,336	39,389
Other revenue/income	2a	4,533,693	4,759,376	4,350,511
Total revenue from ordinary activity		98,668,529	98,902,925	87,542,926
Expenses				
Employee costs		(93,077,383)	(90,545,522)	(84,298,287)
Materials & contracts direct maintenance of non-current assets		(25,062,612)	(25,567,515)	(22,090,761)
Materials & contracts other works		(73,104,348)	(63,686,811)	(69,012,886)
Underground power		(7,477,829)	(5,550,543)	(36,756)
Utilities		(7,638,258)	(7,817,306)	(7,259,739)
Depreciation on non-current assets	8g	(50,614,808)	(51,425,071)	(51,022,381)
Interest expenses	27	-	(8,815)	(6,873)
Insurance expenses		(1,872,342)	(1,862,531)	(1,647,821)
Other expenditure		(4,095,194)	(3,274,586)	(3,773,009)
Total expenditure from ordinary activities		(262,942,775)	(249,738,700)	(239,148,513)
Total operating		(164,274,246)	(150,835,775)	(151,605,587)
Operating activities excluded				
Profit on disposal of assets	8f	(318,100)	1,438,305	2,272,748
Loss on disposal of assets	8f	1,103,795	(1,920,600)	(1,158,333)
Impairment of financial assets	4	-	9,992	6,465
Movement in non-current lease liability		-	-	6,887
Movement in non current assets and payables		-	(23,886,218)	(6,186,602)
Movement leave provisions		-	(559,723)	2,668,525
Gifted & previously unrecognised assets		-	-	65,000
Depreciation on assets	8g	50,614,808	51,425,071	51,022,381
Total excluded from operating result		51,400,503	26,506,826	48,697,071
Amount attributed to operating activities		(112,873,743)	(124,328,949)	(102,908,516)

Rate Setting Statement

- by Nature or Type (continued)

For the year ended 30 June 2022

	Note	2022 Budget \$	2022 Actual \$	2021 Actual \$
Investment activities				
Grants & subsidies	2a	22,736,915	21,513,088	19,808,685
Share of profit and equity of associates accounted for using the equity method	21	-	(4,446,834)	(1,790,492)
Profit of sale of Tamala Park Land		3,300,000	3,855,193	4,165,714
Proceeds from disposal of assets	8f	2,891,200	4,533,809	6,686,216
(Profit) /loss on disposals	8f	(785,695)	482,295	(1,114,415)
Total capital expenditure		(113,915,705)	(41,061,833)	(52,262,039)
Amount attributed to investment activities		(85,773,285)	(15,124,282)	(24,506,332)
Financial activities				
Transfers (to) & from Town Planning Schemes and Trust	29	-	190,385	(3,231,971)
Payments for principal portion of lease liabilities	10	-	(65,229)	(39,832)
Transfers to reserves	28	(10,899,830)	(18,041,935)	(14,552,716)
Transfers from reserves	28	26,882,527	32,787,552	11,872,071
Amount attributed to financial activities		15,982,697	14,870,773	(5,952,449)
Net surplus end of financial year	26	-	47,100,019	27,248,436
Amount required to be raised from rates	25a	(144,596,849)	(144,434,041)	(138,442,109)

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Notes to and forming part of the financial statements

For the year ended 30 June 2022

1. Summary of significant accounting policies

a) 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 monies appears in note 29 to these financial statements.

b) 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.

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) Critical accounting estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect 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:

- Impairment of financial assets
- Estimated fair value of certain financial assets
- Estimation of fair values of land, buildings and infrastructure
- Estimation uncertainties made in relation to lease accounting
- Estimation of useful lives of non-current assets

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

1. Summary of significant accounting policies (continued)

g) Fair value of assets and liabilities

When performing a revaluation, the City uses a mix of both independent and management valuations using the following as a guide:

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. 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 (i.e. the market with the greatest volume and level of activity for the asset) 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.

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 City 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 an asset at its current service capacity.

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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 5 years.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

1. Summary of significant accounting policies (continued)

h) Impairment of assets

In accordance with Australian Accounting Standards the City's 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.

i) 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 the City's operations.

New accounting standards for application in future years

The following new accounting standards will have application to the City in the future:

- 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 – disclosures 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 that these standards will have an impact on the financial report

j) 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).

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

2. Operating revenues and expenses

a) Revenue

Significant accounting policies

i) Revenue recognition

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/ Refunds/ Warranties	Timing of revenue recognition
Rates – general rates	General rates	Over time	Payment dates adopted by council during the year	None	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by council during the year	Refund in event monies are unspent	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/ or completion dates matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/ or completion dates matched to performance obligations as inputs are shared
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No Obligations	Not applicable	Not applicable	When assets are controlled
Fees & charges – licenses, registrations approvals	Building, planning, development and animal management having the same nature as a licence regardless of naming	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees & charges – pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equally annual fee	None	After inspection is complete based on a four year cycle

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

2. Operating revenues and expenses (continued)

a) Revenue (continued)

Significant accounting policies

i) Revenue recognition (continued)

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/ Refunds/ Warranties	Timing of revenue recognition
Fees & charges – Other inspections	Regulatory food, health and safety	Single point in time	Full payment prior to inspection	None	Revenue recognised after inspection event occurs
Fees and charges – property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	On entry or at conclusion of hire
Fees and charges – memberships	Gym and pool memberships	Over time	Payment in full in advance	Refund of unused portion on application	Output method over 12 months matched to access right
Fees and charges for other goods and services	Library fees, reinstatements, private works, home care, ROW	Single point in time	In full in advance	None	Output method based on provision of services or completion of works
Fees and charges – sale of stock	Canteen sales, aquatic centre shops	Single point in time	In full in advance	Refund for faulty goods	Output method based on goods
Fees and charges – fines	Fines issued for breaches of local law	Single point in time	Payment in full within defined time	None	When fine notice is issued
Other revenue – reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	When claim is agreed

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

2. Operating revenue and expenses (continued)

a) Revenue (continued)

Revenue recognised during the year under each basis of recognition by nature or type 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	-	-	144,434,041	-	144,434,041
Operating grants, subsidies and contributions	9,922,100	-	9,542,835	-	19,464,935
Fees and charges	18,315,446	-	2,385,140	-	20,700,586
Registration, licenses and permits	-	-	4,047,753	-	4,047,753
Service charges	-	-	48,768,539	-	48,768,539
Interest earnings	-	-	1,161,736	-	1,161,736
Other revenue	-	-	824,361	3,935,015	4,759,376
Non-operating grants, subsidies and contributions	-	21,513,088	-	-	21,513,088
Total	28,237,546	21,513,088	211,164,405	3,935,015	264,850,054

For the year ended 30 June 2021

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	-	-	138,442,109	-	138,442,109
Operating grants, subsidies and contributions	9,138,056	-	7,812,506	-	16,950,562
Fees and charges	16,698,889	-	2,437,779	-	19,136,668
Registrations, licenses and permits	-	-	4,539,145	-	4,539,145
Service charges	-	-	41,559,794	-	41,559,794
Interest earnings	-	-	1,006,246	-	1,006,246
Other revenue	-	-	842,251	3,508,260	4,350,511
Non-operating grants, subsidies and contributions	-	19,808,685	-	-	19,808,685
Total	25,836,945	19,808,685	196,639,830	3,508,260	245,793,720

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

2. Operating revenue and expenses (continued)

a) Revenue (continued)

Assets and services acquired below fair value		2022 Actual \$	2022 Budget \$	2021 Actual \$
Contributed assets		-	-	65,000
		-	-	65,000

Interest earnings	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Interest on reserve funds		333,838	423,936	362,622
Rates instalment and penalty interest	25a	457,971	600,000	-
Other interest earnings		369,927	626,459	643,625
		1,161,736	1,650,395	1,006,247

b) The change in net assets resulting from operations was arrived at after charging the following items:

	2022 \$	2021 \$
Auditors remuneration		
Audit of the Annual Financial Report	129,300	113,120
	<u>129,300</u>	<u>113,120</u>
Interest expense		
Lease liabilities	8,815	7,509
	<u>8,815</u>	<u>7,509</u>
Other expenditure		
Impairment loss on trade and other receivables	518,262	630,789
Donations, sponsorships and contributions	1,404,682	2,983,814
Election and other elected member expenses	1,351,642	735,908
	<u>3,274,586</u>	<u>4,350,511</u>

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

3. Cash and cash equivalents

a) Cash on hand

	Note	2022 \$	2021 \$
Cash at bank and on hand		64,432	70,525
Term deposits – restricted		86,681,806	101,303,116
Term deposits – unrestricted		55,808,964	43,245,910
Total cash and cash equivalents	17	142,555,202	144,619,551

b) Restrictions

The following restrictions have been imposed by regulations or other externally imposed requirements:

Reserves – cash/ investment backed	28	70,153,272	84,898,889
Bonds and other payables	11	14,002,785	13,472,937
Contract liabilities for contracts with customers	12	1,573,105	1,548,884
Grants for transfers for recognisable non-financial assets	12	952,644	1,382,406
		86,681,806	101,303,116

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, a municipal fund bank account, 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 cash and are subject to an insignificant risk of changes in values.

Restricted assets

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

Bonds and other payables include cash-in-lieu of public open space (received prior to 10 April 2006) and bonds for verges, hall hire, performance bonds, street trees, unclaimed monies and levies payable to other organisations.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

4. Other financial assets

Non-current	2022 \$	2021 \$
Financial assets at fair value through profit and loss		
Units in Local Government House Trust at 1 July	184,517	178,052
Increase in value of units	9,992	6,465
Units in Local Government House Trust at 30 June	<u>194,509</u>	<u>184,517</u>

The City, along with other Local Authorities is a beneficiary of the Local Government Unit Trust.

The City of Stirling holds 10 units in the Trust. As set out in the Trust Deed units in the Trust can only be issued to Local Authorities recognised under the Local Government Act and cannot be commercially traded.

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 22.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

5. Trade and other receivables

a) Current	2022 \$	2021 \$
Rates outstanding	6,488,300	4,213,002
Debtors: Libraries	127,522	24,019
Commercial waste	1,098,465	1,522,780
Fines & penalties	780,526	188,241
Sundry	6,585,705	1,099,084
Australian taxation office – GST	1,057,852	1,161,484
	16,138,370	8,208,610
Less: Allowance for impairment of receivables	(518,262)	(174,760)
	15,620,108	8,033,850

b) Non-current	2022 \$	2021 \$
Rates outstanding – pensioners	1,783,422	1,785,260
Various debtors	-	8,091,980
Prepayments	519,000	-
Deferred debtors	201,864	70,575
	2,504,286	9,947,815
Less: Allowance for impairment of receivables	-	(456,029)
	2,504,286	9,491,786

c) Other assets	2022 \$	2021 \$
Interest due on investments not matured	224,748	100,437
Current prepayments	1,540,612	1,240,843
	1,765,360	1,341,280

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

5. Trade and other receivables (continued)

Trade and other receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business. Trade receivables are recognised at original invoice amount less any expected credit loss for uncollectible amounts. The carrying amount of net trade receivables is equivalent to the fair value as invoiced less any impairment and risk exposure.

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 22.

Classification and subsequent measurement

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

Trade receivables are held with the objective to collect the contractual cashflows and are measured 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.

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.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

6. Inventories

Inventories – Current	2022 \$	2021 \$
Construction materials & fuel	359,498	305,134
Land held for sale – cost	68,635	-
Development costs	4,748,470	-
Total	5,176,603	305,134

Inventories – Non-current	2022 \$	2021 \$
Land held for sale – cost	256,702	-
Transfer to current inventory	(68,635)	-
Total	188,067	-

The following movement in land held for sale occurred during the year:

Land held for sale	Current \$	Non-current \$	Total \$
Balance brought forward as at 1 July 2021	-	-	-
Land for resale (transferred from Property, Plant & Equipment)	48,520	254,956	303,476
Cost adjustment	-	1,746	1,746
Land disposed/ sold during the year	(48,520)	-	(48,520)
Land transferred from non current to current inventory	68,635	(68,635)	-
Development costs	4,748,470	-	4,748,470
Total	4,817,105	188,067	5,005,172

Significant accounting policies

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.

Development costs for the previous period could not be reliably estimated for land under construction and as a result the prior year development costs have not been restated.

Land held for resale has been transferred from property, plant and equipment (land) to inventory as at 1 July 2021.

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.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

7. Contract assets

Receivables from contracts with customers	2022 \$	2021 \$
Current Contract assets	1,791,725	1,676,982
Total	1,791,725	1,676,982
Non-Current Contract assets	-	2,185
Total	-	2,185

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.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

8. Property, plant, equipment and infrastructure

a) Movements in balances of property, plant & equipment

	Note	Land \$	Buildings \$	Total land and buildings \$	Plant and equipment \$
Balance as at 1 July 2020		416,565,920	288,993,622	705,559,542	11,042,391
Additions		–	364,905	364,905	698,953
Gifted assets		–	65,000	65,000	–
Disposals	8f	(2,964,403)	(790,326)	(3,754,729)	(21,587)
Depreciation (expense)	8g	–	(6,203,731)	(6,203,731)	(1,606,964)
Transfers		–	6,062,284	6,062,284	37,007
Balance as at 30 June 2021		413,601,517	288,491,754	702,093,271	10,149,800
Comprises:					
Gross balance amount at 30 June 2021		413,601,517	306,602,685	720,204,202	13,722,412
Accumulated depreciation at 30 June 2021		–	(18,110,931)	(18,110,931)	(3,572,612)
Balance at 30 June 2021		413,601,517	288,491,754	702,093,271	10,149,800
Balance at 1 July 2021		413,601,517	288,491,754	702,093,271	10,149,800
Transfer to Inventory – land held for sale	6	(303,476)	–	(303,476)	–
Additions		–	119,255	119,255	259,855
Disposals	8f	(2,280,000)	(1,334,835)	(3,614,835)	(5,288)
Revaluation increments / (decrements) transferred to revaluation surplus		(12,575,382)	–	(12,575,382)	–
Depreciation (expense)	8g	–	(6,288,327)	(6,288,327)	(1,461,411)
Transfers		–	4,642,590	4,642,590	468,966
Balance as at 30 June 2022		398,442,659	285,630,437	684,073,096	9,411,922
Comprises:					
Gross balance amount at 30 June 2022		398,442,659	309,916,211	708,358,870	14,420,752
Accumulated depreciation at 30 June 2022		–	(24,285,774)	(24,285,774)	(5,008,830)
Balance at 30 June 2022		398,442,659	285,630,437	684,073,096	9,411,922

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

8. Property, plant, equipment and infrastructure (continued)

a) Movements in balances of property, plant & equipment (continued)

Mobile vehicle and plant \$	Furniture and equipment \$	Recreation equipment \$	Assets under construction \$	Total \$
21,624,398	4,416,815	3,378,357	7,493,501	753,515,004
5,480,095	1,005,168	438,981	6,742,280	14,730,382
–	–	–	–	65,000
(1,787,947)	(4,652)	(2,888)	–	(5,571,803)
(4,845,192)	(1,501,581)	(664,572)	–	(14,822,040)
–	76,460	13,547	(6,189,298)	–
20,471,354	3,992,210	3,163,425	8,046,483	747,916,543
29,403,704	7,562,195	4,690,468	8,046,483	783,629,464
(8,932,350)	(3,569,985)	(1,527,043)	–	(35,712,921)
20,471,354	3,992,210	3,163,425	8,046,483	747,916,543
20,471,354	3,992,210	3,163,425	8,046,483	747,916,543
–	–	–	–	(303,476)
3,407,697	467,023	368,537	9,565,334	14,187,701
(1,268,515)	(7,142)	(109,979)	(10,165)	(5,015,924)
–	–	–	–	(12,575,382)
(4,550,150)	(1,391,716)	(635,746)	–	(14,327,350)
235,819	386,303	590,670	(3,377,478)	2,946,870
18,296,205	3,446,678	3,376,907	14,224,174	732,828,982
30,775,361	8,387,827	5,470,873	14,224,174	781,637,857
(12,479,156)	(4,941,149)	(2,093,966)	–	(48,808,875)
18,296,205	3,446,678	3,376,907	14,224,174	732,828,982

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

8. Property, plant, equipment and infrastructure (continued)

a) Movements in balances of property, plant & equipment (continued)

The fair value of property, plant and equipment is determined at least every five years in accordance with the regulatory framework, Local Government (Financial Management) Regulation 17A (2). Refer to Note 8(b) for the year in which each asset category was assessed and level of fair value hierarchy. Additions since date of valuations are shown at cost. At the end of each reporting period the valuation is reviewed and where appropriate fair value is updated to reflect current market conditions.

Note: Previously, land included land held in Tamala Park for sale as well as the tip site and surrounding buffer. During the 2022 financial year an adjustment has been included to move out the cost and revaluation associated with the land held for sale leaving only the tip site and buffer in land and land held for sale is now shown under inventory (note 6).

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

8. Property, plant, equipment and infrastructure (continued)

b) Fair value and cost measurements of property, plant & equipment

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
i. Fair value					
Land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuers	June 2018	Price per hectare / market borrowing rate
Non – specialised buildings	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuers	June 2018	Price per square metre / market borrowing rate
Specialised buildings	3	Cost approach using replacement cost to calculate value, and then adjusted to take account of accumulated depreciation.	Independent registered valuers and Management Valuation	June 2018	Construction costs (Level 2) and current condition, residual values and remaining useful life assessment inputs (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 by the City to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

ii. Cost

Plant & equipment	3	Cost approach using replacement cost, adjusted to take account of accumulated depreciation.	Management valuation	June 2019	Price per item
Mobile fleet & plant	3	Cost approach using replacement cost, adjusted to take account of accumulated depreciation.	Management valuation	June 2019	Price per item
Furniture & office equipment	3	Cost approach using replacement cost, adjusted to take account of accumulated depreciation.	Management valuation	June 2019	Price per item
Recreation equipment	3	Cost approach using replacement cost, adjusted to take account of accumulated depreciation.	Management valuation	June 2019	Price per item
Assets under construction	2	Cost approach using cost of goods or service at acquisition	Actual cost	June 2021	Purchase costs and current stage of works

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

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

8. Property, plant, equipment and infrastructure (continued)

c) Movements in balances of infrastructure

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

	Note	Roads	Drainage	Footpaths	Other engineering infrastructure
		\$	\$	\$	\$
Balance as at 1 July 2020		1,118,765,869	269,968,362	115,852,468	9,768,256
Additions		–	–	–	–
Depreciation (expense)	8g	(21,986,447)	(5,736,751)	(2,493,068)	(597,657)
Transfers		9,237,983	5,158,096	3,596,371	160,821
Balance as at 30 June 2021		1,106,017,405	269,389,707	116,955,771	9,331,420
Comprises:					
Gross balance amount at 30 June 2021		1,128,003,852	275,126,458	119,448,839	11,632,728
Accumulated depreciation at 30 June 2021		(21,986,447)	(5,736,751)	(2,493,068)	(2,301,308)
Balance at 30 June 2021		1,106,017,405	269,389,707	116,955,771	9,331,420
Balance at 1 July 2021		1,106,017,405	269,389,707	116,955,771	9,331,420
Additions		–	–	–	–
Revaluation increments / (decrements) transferred to revaluation surplus	14	–	–	–	3,755,535
Revaluation (loss) / reversals transferred to profit or loss		–	–	–	–
Depreciation (expense)	8g	(22,297,464)	(5,809,091)	(2,559,728)	(605,305)
Transfers		18,190,913	6,391,924	2,229,697	6,646,262
Balance as at 30 June 2022		1,101,910,854	269,972,540	116,625,740	19,127,912
Comprises:					
Gross balance amount at 30 June 2022		1,146,194,766	281,518,381	121,678,535	19,141,648
Accumulated depreciation at 30 June 2022		(44,283,912)	(11,545,841)	(5,052,795)	(13,736)
Balance at 30 June 2022		1,101,910,854	269,972,540	116,625,740	19,127,912

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

8. Property, plant, equipment and infrastructure (continued)

c) Movements in balances of infrastructure (continued)

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

Reserves	Reticulation and other parks	Lighting	Assets under construction	Total
\$	\$	\$	\$	\$
56,191,623	61,165,246	19,810,116	8,431,832	1,659,953,772
-	-	-	37,466,657	37,466,657
-	(3,934,702)	(1,083,607)	-	(35,832,232)
3,151,786	4,983,840	3,002,641	(29,291,538)	-
59,343,409	62,214,384	21,729,150	16,606,951	1,661,588,197
59,343,409	75,574,979	25,301,927	16,606,951	1,711,039,143
-	(13,360,595)	(3,572,777)	-	(49,450,946)
59,343,409	62,214,384	21,729,150	16,606,951	1,661,588,197
59,343,409	62,214,384	21,729,150	16,606,951	1,661,588,197
-	-	-	32,886,161	32,886,161
-	(5,621,867)	-	-	(1,866,332)
-	(5,082,006)	(3,432,203)	-	(8,514,209)
-	(4,152,045)	(1,232,870)	-	(36,656,503)
2,019,587	3,831,192	3,065,536	(45,321,981)	(2,946,870)
61,362,996	51,189,658	20,129,613	4,171,131	1,644,490,444
61,362,996	51,189,658	20,129,613	4,171,131	1,705,386,728
-	-	-	-	(60,896,284)
61,362,996	51,189,658	20,129,613	4,171,131	1,644,490,444

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

8. Property, plant, equipment and infrastructure (continued)

d) Fair value measurements of infrastructure

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
Roads	3	Cost approach using current replacement cost	Independent valuation	June 2020	Construction costs (Level 2) and current condition, residual values and remaining useful life assessment inputs (Level 3)
Drainage	3	Cost approach using current replacement cost	Independent valuation	June 2020	Construction costs (Level 2) and current condition, residual values and remaining useful life assessment inputs (Level 3)
Footpaths	3	Cost approach using current replacement cost	Independent valuation	June 2020	Construction costs (Level 2) and current condition, residual values and remaining useful life assessment inputs (Level 3)
Other engineering infrastructure (including bridges)	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs (Level 2) and current condition, residual values and remaining useful life assessment inputs (Level 3)
Reserves	3	Actual cost of acquisition	Actual cost	June 2022	Actual cost
Reticulation & other parks	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs (Level 2) and current condition, residual values and remaining useful life assessment inputs (Level 3)
Lighting	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs (Level 2) and current condition, residual values and remaining useful life assessment inputs (Level 3)
Assets under construction	2	Historical cost of acquisition	Actual cost	June 2022	Purchase costs and current stage of works

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.

e) 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.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

Initial recognition and measurement for assets held at cost

Plant and equipment including furniture and equipment are 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.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

8. Property, plant, equipment and infrastructure (continued)

e) Significant accounting policies (continued)

Initial recognition and measurement between mandatory revaluation dates

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

Property, Plant and Equipment and Infrastructure assets with a value exceeding \$5,000 are capitalised on date of acquisition or in respect of internally constructed assets from the time asset is ready for use. Infrastructure Assets ready for use are capitalised annually, with depreciation commencing from first reporting period after capitalisation. The impact on depreciation as a result of capitalising infrastructure assets annually instead of periodically is not considered material.

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 no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the City includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

Revaluation

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

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

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of 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 is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

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

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

8. Property, plant, equipment and infrastructure (continued)

f) Disposals

By asset class	2022 Actual net book value \$	2022 Actual sale proceeds \$	2022 Actual profit/(loss) \$	2022 Budget net book value \$
Land	2,280,000	2,401,364	121,364	-
Buildings	1,334,835	-	(1,334,835)	-
Plant & Equipment	15,453	9,205	(6,248)	-
Mobile Vehicles & Plant	1,268,515	2,106,525	838,010	3,676,895
Furniture & Office Equipment	7,142	779	(6,363)	-
Recreation Equipment	109,979	15,936	(94,043)	-
Right of Use Assets	180	-	(180)	-
	5,016,104	4,533,809	(482,295)	3,676,895

By program	2022 Actual net book value \$	2022 Actual sale proceeds \$	2022 Actual profit/(loss) \$	2022 Budget net book value \$
Governance	9,662	977	(8,685)	-
Law, order & public safety	-	-	-	-
Health	-	-	-	-
Education & welfare	3	-	(3)	-
Community amenities	73	-	(73)	-
Recreation & culture	1,447,666	15,739	(1,431,927)	-
Transport	10,167	9,000	(1,167)	-
Economic services	3	-	(3)	-
Other property & services	3,548,530	4,508,093	959,563	3,676,895
	5,016,104	4,533,809	(482,295)	3,676,895

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

8. Property, plant, equipment and infrastructure (continued)

f) Disposals (continued)

2022 Budget sale proceeds \$	2022 Budget profit/(loss) \$	2021 Actual net book value \$	2021 Actual sale proceeds \$	2021 Actual profit/ (loss) \$
-	-	2,964,403	3,973,636	1,009,233
-	-	790,326	-	(790,326)
-	-	21,587	18,123	(3,464)
2,891,200	(785,695)	1,787,945	2,689,346	901,401
-	-	4,652	3,743	(909)
-	-	2,888	1,368	(1,520)
-	-	-	-	-
2,891,200	(785,695)	5,571,801	6,686,216	1,114,415

2022 Budget sale proceeds \$	2022 Budget profit/(loss) \$	2021 Actual net book value \$	2021 Actual sale proceeds \$	2021 Actual profit/ (loss) \$
-	-	13,451	11,945	(1,506)
-	-	5	8,288	8,283
-	-	6	-	(6)
-	-	13,920	-	(13,920)
-	-	2,800,000	3,973,636	1,173,636
-	-	786,241	1,186	(785,055)
-	-	5	-	(5)
-	-	-	-	-
2,891,200	(785,695)	1,958,173	2,691,161	732,988
2,891,200	(785,695)	5,571,801	6,686,216	1,114,415

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

8. Property, plant, equipment and infrastructure (continued)

f) Disposals (continued)

Significant accounting policies

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.

When revalued assets are disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

g) Depreciation

By asset class:	Note	2022 Actuals \$	2022 Budget \$	2021 Actuals \$
Buildings	8a	6,288,327	6,244,657	6,203,732
Plant & Equipment	8a	1,461,411	1,394,813	1,606,964
Mobile Vehicles & Plant	8a	4,550,150	3,904,402	4,845,192
Furniture & Office Equipment	8a	1,391,716	1,158,741	1,501,581
Recreation Equipment	8a	635,746	592,395	664,572
Roads	8c	22,297,464	22,557,134	21,986,447
Drainage	8c	5,809,091	5,853,541	5,736,751
Footpaths	8c	2,559,728	2,557,106	2,493,068
Other Engineering Infrastructure	8c	605,305	608,982	597,657
Other Engineering Reticulation	8c	1,814,665	1,837,492	1,758,017
Other Engineering Parks	8c	2,337,380	2,403,835	2,176,685
Right of Use Assets	10	57,055	–	40,427
Lighting	8c	1,232,870	1,223,540	1,083,606
Intangibles	9	384,163	278,172	327,682
		51,425,071	50,614,808	51,022,381

By program	2022 Actuals \$	2022 Budget \$	2021 Actuals \$
Governance	755,139	595,349	777,422
Law, order & public safety	94,673	89,406	93,199
Health	4,132	11,224	9,608
Education & welfare	405,503	401,415	409,655
Community amenities	959,822	966,602	988,726
Recreation & culture	13,245,242	13,100,524	12,812,010
Transport	29,630,907	29,884,026	29,317,810
Economic services	13,357	3,480	20,573
Other property & services	6,316,296	5,562,782	6,593,378
	51,425,071	50,614,808	51,022,381

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

8. Property, plant, equipment and infrastructure (continued)

f) Disposals (continued)

Significant accounting policies

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated over their estimated useful lives on a straight line basis, using rates which are reviewed each reporting period. The carrying cost of infrastructure assets is depreciated on an annual basis to reflect their expected life.

Infrastructure Assets are depreciated on a basis that reflects their consumed economic benefit, which is reviewed each reporting period. Assets are depreciated from the date of acquisition or from the time an asset is held for use.

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

Depreciation rates

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

Artwork	Not Depreciated
Artwork – public	50 years
Buildings	10 to 50 years
Furniture & equipment	3 to 10 years
Plant & equipment	6 to 20 years
Mobile vehicles & plant	1 to 10 years
Recreation equipment	5 to 10 years
Roads	20 years to infinite
Drainage	30 to 100 years
Footpaths	15 to 60 years
Other engineering infrastructure	15 to 150 years
Reticulation & other parks infrastructure	10 to 75 years
Lighting	20 to 25 years
Reserves	Not Depreciated

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

Fully depreciated assets still in use

The gross carrying value of assets held by the City which are currently in use yet fully depreciated are shown in the table below:

By asset class	2022 \$	2021 \$
Plant & Equipment	1,711	1,292
Mobile Vehicles & Plant	2,957,421	195,673
Furniture & Office Equipment	70,463	1,035
Recreation Equipment	6,548	6,889
	3,036,143	204,889

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

9. Intangible assets

Intangible assets	Intangibles \$	Work in progress \$	Total \$
Balance as at 1 July 2020	–	–	–
Additions	2,610,845	–	2,610,845
Amortisation	(327,682)	–	(327,682)
Work in progress	–	311,547	311,547
Balance as at 30 June 2021	2,283,163	311,547	2,594,710
Additions	813,243	–	813,243
Amortisation	(384,163)	–	(384,163)
Work in progress	–	134,391	134,391
Balance as at 30 June 2022	2,712,243	445,938	3,158,181

Intangible asset amortisation	2022 \$	2021 \$
By program		
Governance	359,632	309,267
Recreation and culture	24,531	18,415
	384,163	327,682
By class		
Amortisation of intangibles	384,163	327,682
	384,163	327,682

Significant accounting policies

Amortisation

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

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

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

Amortisation periods used for each class of intangible assets are:

Intangible asset 4 to 10 years

Computer Software

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

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software.
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

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

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

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

10. Right of use assets

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

	Right of use assets – land \$	Right of use assets – plant and equipment \$	Right of use assets – Total \$
Carrying amount at 30 June 2021	2,200	117,423	119,623
Additions/terminations	(100)	30,883	30,783
Depreciation (expense)	–	(57,055)	(57,055)
Carrying amount at 30 June 2022	2,100	91,251	93,351

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

Depreciation of right-of-use assets	–	57,055	57,055
Interest expense on lease liabilities	–	8,814	8,814
Gains from sale and leaseback transactions	–	180	180
Short-term lease payments recognised as expense	100	65,129	65,229
Total amount recognised in the statement of comprehensive income	100	131,178	131,278
Total cash outflow from leases	100	73,943	74,043

The right of use asset of Land relates to a parcel of land for use by the City for 50 years. The City does not have the option to purchase the leased land at the expiry of the lease period.

The City has various leases relating to plant and equipment. The lease term varies between 2 to 5 years. The City has not revalued the right of use assets relating to plant and equipment as the difference between the fair value and carrying amount is immaterial.

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

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

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

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

Right-of-use assets – valuation 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 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 8 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 shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right of use asset reflects that the City anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

11. Trade and other payables

Current	2022 \$	2021 \$
Trade payables	10,231,055	8,383,572
Accrued creditors	17,456,983	15,149,695
Accrued wages & salaries	2,246,726	1,763,852
Income received in advance	3,145,411	2,146,345
Bonds and other payables	14,002,785	13,472,937
	47,082,960	40,916,401

Trade and other payables

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

12. Other Liabilities

Current	2022 \$	2021 \$
Contract liabilities from contracts with customers	1,573,105	1,548,884
Liabilities from transfers for recognisable non financial assets	952,644	1,382,406
	2,525,749	2,931,290

Performance obligations for each type of liability are expected to be recognised as revenue in accordance with the following time bands:

	Contract liabilities \$	Liabilities from transfers for recognisable non financial assets \$
Less than 1 year	1,573,105	952,644

Contract liabilities

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

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Grant liabilities

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

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

13. Employee related provisions

	Provision for annual leave	Provision for long service leave	Total
Opening balance as at 1 July 2021			
Current	8,228,765	10,630,768	18,859,533
Non-current	–	1,357,262	1,357,262
	8,228,765	11,988,030	20,216,795
Additional provisions	1,278,817	701,524	1,980,341
Amounts used	(1,477,725)	(1,062,339)	(2,540,064)
Balance as at 30 June 2022	8,029,857	11,627,215	19,657,072
Comprises			
Current	8,029,857	10,448,166	18,478,023
Non-current	–	1,179,049	1,179,049
	8,029,857	11,627,215	19,657,072

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.

Significant accounting policies

Employee benefits

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.

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.

Other long-term employee benefits

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

Provisions

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

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

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

14. Revaluation reserves

	2022 Actual Opening balance \$	2022 Actual Changes on revaluation of assets \$	2022 Actual Realisation on disposal of assets \$
a) Plant & equipment revaluation reserve	6,265	–	–
b) Mobile vehicle and plant revaluation reserve	94,834	–	(49,917)
c) Furniture and office equipment revaluation reserve	866,232	–	(480)
d) Recreation equipment revaluation reserve	13,690	–	–
e) Roads revaluation reserve	614,245,131	–	–
f) Drainage revaluation reserve	149,834,575	–	–
g) Footpaths revaluation reserve	62,891,587	–	–
h) Other engineering infrastructure revaluation reserve	13,130,780	3,755,532	–
i) Reserves revaluation reserve	31,827,308	–	–
j) Other parks infrastructure revaluation reserve	5,066,854	(5,066,854)	–
k) Reticulation revaluation reserve	555,012	(555,012)	–
l) Land revaluation reserve	395,270,088	(12,575,382)	(2,189,871)
m) Building revaluation reserve	112,038,664	–	(1,278,477)
n) Equity accounted investments	7,877,315	6,713,424	–
Total	1,393,718,335	(7,728,292)	(3,518,745)

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.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

14. Revaluation reserves (continued)

2022 Actual Closing balance	2021 Actual Opening balance	2021 Actual Changes on revaluation of assets	2021 Actual Realisation on disposal of assets	2021 Actual Closing balance
\$	\$	\$	\$	\$
6,265	29,747	–	(23,482)	6,265
44,917	146,179	–	(51,345)	94,834
865,752	866,232	–	–	866,232
13,690	13,690	–	–	13,690
614,245,131	614,245,131	–	–	614,245,131
149,834,575	149,834,575	–	–	149,834,575
62,891,587	62,891,588	–	–	62,891,588
16,886,312	13,130,779	–	–	13,130,779
31,827,308	31,827,308	–	–	31,827,308
–	5,066,854	–	–	5,066,854
–	555,012	–	–	555,012
380,504,835	398,225,038	–	(2,954,950)	395,270,088
110,760,187	112,038,664	–	–	112,038,664
14,590,739	8,494,284	–	(616,969)	7,877,315
1,382,471,298	1,397,365,081	–	(3,646,746)	1,393,718,335

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

15. Superannuation

The City makes compulsory contributions to Superannuation Plans on behalf of its employees. Amendments to the Local Government Regulations in 2006 enabled freedom of choice for superannuation under the requirements of the Commonwealth Government rules for superannuation schemes. This change allows employees to choose superannuation plans other than the WA Local Government Superannuation Plan (WALGSP) and also provides for the current WALGSP to be the default scheme should an employee not choose another scheme.

Contributions relating to superannuation plans are recognised as expenses in the Statement of Comprehensive Income. The amount of superannuation contributions made by the City during the reporting period was \$11,131,631 (2021: \$10,264,286)

16. Contingencies

a) Contaminated site – Tamala Park landfill site

In February 2020, MRC received its first Mandatory Auditor's Report (MAR) as requested by the Department of Water and Environmental Regulation (DWER) in respect to the Tamala Park Waste Management Facility site.

Among other things, the purpose of the MAR is to confirm that earlier investigations adequately characterised the contamination status of the site and whether potentially significant risks to human health, the environment or environmental values exist on-site or off-site.

The MRC received a second iteration of the MAR in November 2021, which has further assessed the contamination status of the site. In reaching their conclusion, the independent auditor has evaluated the information contained in the investigative reports as generally complete, accurate and compliant with the relevant guidelines. Also, the assessments were sufficient to define the potential extent and types of contamination.

The MAR auditor has determined, based on the analysis contained in the assessed reports, that the site remains suitable for ongoing use as a Class II landfill ('source site'). Likewise, the affected site to the north of the facility remains suitable for its current use as a development buffer zone ('affected site'). A summary of findings for the source site are listed below;

Source site:-

- All soil samples returned results below established criteria.
- Groundwater results indicate impact to the aquifer immediately below the landfill levels above relevant drinking water established criteria, although some results are reflective of naturally occurring conditions. Groundwater on site remains suitable for controlled industrial use on site without an unacceptable risk.
- Landfill gas results indicate that the existing extraction system is working effectively, with negligible detection of landfill gas outside the extraction network.

Affected site:

- Groundwater results indicate some contaminants above relevant drinking water established criteria. Elevated levels of some identified contaminants are also known to occur naturally in the local environment.
- No landfill gas detected outside the site boundary.

Currently, DWER has classified the site as "Contaminated – Remediation Required" and the affected site as "Contaminated – Restricted Use".

The MAR report received in November 2021 required further investigation to confirm 2 main areas:

- Adequacy of the landfill gas monitoring network and assessment of the potential for offsite migration of landfill gas
- Ongoing assessment of landfill gas and groundwater as part of the ongoing Site Management Plan to inform long term trends and need for mitigation measures.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

16. Contingencies (continued)

Since receiving the MAR in November 2021:

Groundwater monitoring

The MRC has commissioned 2 rounds of groundwater testing (December 2021 and June 2021), with the final report on the testing received August 2022. One of the report's conclusions were based on the groundwater monitoring results in 2021, no significant changes to the overall risk profile at the TPWMF, buffer zone and nearby residential development have been identified, compared to the 2020 assessment. This report also recommended ongoing monitoring required and the recommendation to rationalise the groundwater monitoring network and the number of analytical suites included in each sampling round.

Site management plan (SMP)

A SMP was developed and received in May 2022 for the MRC. The SMP is required to provide a management plan for the site to ensure that potential risks associated with soil, landfill gas and groundwater contaminants are appropriately managed for the ongoing use of the site as a landfill facility and leachate management. There are no specific "results" from this plan. This Plan remains an evolving document that addresses the overall management of landfill gas and groundwater based on the latest advice.

Landfill gas monitoring

The most recent gas monitoring report was obtained in Sept 2021 this covered 3 sampling rounds (January to March 2021). One of the report's conclusions were "Under the current site conditions (i.e. active landfill gas extraction and continuous landfill gas monitoring in the workshop), the risks to the site's workers and off-site residents from landfill gas are considered low. The risk to site's infrastructure and terrestrial ecosystem is however considered Negligible." Gas testing was also conducted in December 2021 and October 2022, however, the MRC has not yet received the gas monitoring report for these tests.

At this time, the MRC has no new information to suggest that an additional landfill rehabilitation provision is required to address any specific remediation requirements, nor do the recommendations from groundwater or gas reports recommend any such action.

b) Contaminated sites

In compliance with the Contaminated Sites Act 2003, the City has two road reserves adjacent to privately owned sites that are listed in the Department of Water and Environmental Regulation (DWER) contaminated site register. The road reserves are considered as affected sites and are located:

- Adjacent to a site classified as "Contaminated – Remediation Required" in North Beach Road, Gwelup, and
- Adjacent to a site classified as "Possibly Contaminated – Investigation Required" in Walter Road West, Dianella

Until the City investigates to determine the presence and scope of contamination, assess the risk, and agree with DWER on the need and criteria for 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 DWER Guidelines.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

17. Notes to the statement of cash flows

a) Reconciliation of cash

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand, cash at bank and investments in short term money market activity. All trust monies are excluded.

Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2022 \$	2021 \$
Cash at bank	64,432	70,525
Term deposits	142,490,770	144,549,026
Total cash & cash equivalents	142,555,202	144,619,551

b) Taxation

Except for the Goods and Service and Fringe Benefits Tax, the activities of the City are exempt from taxation.

c) Reconciliation of net cash used in operating activities to change in net assets.

	2022 \$	2021 \$
Net result	5,533,201	10,206,309
Depreciation	51,425,071	51,022,381
Increase in impairment	343,502	30,623
Increase/(decrease) in employee entitlements	(559,724)	2,668,525
Increase in payables & provisions	2,619,399	6,109,273
Increase/(decrease) in income in advance	(65,374)	190,332
(Increase) in receivables	(1,001,195)	(3,516,492)
(Increase) in prepayments	(299,769)	(207,149)
(Increase)/decrease in inventory	(5,059,535)	2,411,758
(Increase)/decrease in investments	591,641	(4,096,627)
Loss on revaluation of assets	8,514,209	-
Net (Profit)/ loss on sale of non-current assets	482,295	(1,114,415)
Gifted and acquired assets	-	(65,000)
Increase/(decrease) in contract liabilities	(405,541)	1,953,586
(Increase) in contract assets	(112,558)	(1,562,952)
Decrease in lease liabilities	34,232	43,485
(Increase)/decrease in ROU asset	-	(20,706)
Non operating grants and subsidies	(21,322,703)	(19,808,685)
Net Cash from Operating Activities	40,717,151	44,244,246

d) Credit standby arrangements

	2022 \$	2021 \$
Bank overdraft limit	500,000	500,000
Bank overdraft at reporting date	-	-
Total amount of credit unused	500,000	500,000

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

18. Capital commitments

Capital expenditure commitments	2022 \$	2021 \$
Contracted for:		
– capital expenditure projects	9,596,439	17,258,446
– plant & equipment purchases	29,092,728	23,590,684
	38,689,167	40,849,130
Payable		
– not later than one year	38,689,167	40,849,130

Significant accounting policies

Leases

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

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

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

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

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

19. Information about fees to Council members

For 2021/2022

Elected Members	Parking expenses	Travel expenses/ public transport	Mayoral allowance	Deputy mayor allowance	Elected members travel allowance	Elected members sitting fees
	\$	\$	\$	\$	\$	\$
Adam Spagnolo – Councillor	-	-	-	-	196	7,919
Andrea Creado – Councillor	-	185	-	-	428	27,258
Bianca Sandri – Deputy Mayor	-	-	-	5,609	-	35,178
Boothman David – Councillor	-	-	-	-	159	2,640
Chris Hatton – Councillor	-	-	-	-	174	31,678
David Lagan – Councillor	-	-	-	-	573	31,678
Elizabeth Re – Councillor	-	394	-	-	598	35,178
Felicity Farrelly – Councillor	-	-	-	-	174	31,678
Joe Ferrante – Councillor	-	-	-	-	246	31,678
Karen Caddy – Councillor	-	-	-	-	466	7,919
Karlo Perkov – Councillor	-	-	-	-	1,285	35,178
Keith Sargent – Councillor	-	-	-	-	2,044	31,678
Lisa Thornton – Councillor	-	-	-	-	-	31,678
Mark Irwin – Mayor	16	344	89,753	-	4,599	47,516
Stephanie Proud – Councillor	-	-	-	16,828	2,023	31,678
Suzanne Migdale – Councillor	-	-	-	-	270	35,178
Teresa Olow – Councillor	-	-	-	-	-	27,258
Tony Krsticevic – Councillor	-	75	-	-	808	27,258
Actuals for 2021/2022	16	997	89,753	22,438	14,043	510,228

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

19. Information about fees to Council members (continued)

Elected members IT & telecommunication allowance	Subtotal	Stationery	Elected members conference expenses	Councillors networking gifts and monetary donations allowance	Elected members personal allowance	Other members costs	Grand total
\$	\$	\$	\$	\$	\$	\$	\$
-	8,115	-	-	-	-	-	8,115
-	27,871	31	-	124	1,389	1,279	30,694
-	40,787	-	-	-	1,006	80	41,874
-	2,799	-	-	-	-	-	2,799
3,500	35,352	-	-	-	-	-	35,352
3,500	35,751	-	-	-	605	-	36,356
-	36,169	29	226	171	1,208	80	37,883
3,500	35,352	-	-	-	351	-	35,703
3,500	35,424	-	-	-	1,606	-	37,030
-	8,386	-	-	-	171	-	8,556
-	36,463	132	-	162	879	80	37,716
3,500	37,222	-	230	35	1,119	-	38,606
3,500	35,178	105	-	-	2,138	-	37,421
3,500	145,728	-	39	36	1,868	-	147,671
3,500	54,029	523	-	152	1,350	40	56,094
-	35,448	-	-	-	1,045	5,597	42,090
-	27,258	-	-	-	-	80	27,338
-	28,141	-	-	70	879	1,040	30,131
28,000	665,474	819	495	750	15,614	8,276	691,429

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

19. Information about fees to Council members (continued)

For 2020/2021

Elected Members	Parking expenses	Travel expenses/ public transport	Mayoral allowance	Deputy Mayor allowance	Elected members travel allowance	Elected members sitting fees
	\$	\$	\$	\$	\$	\$
Adam Spagnolo – Councillor	-	-	-	-	177	31,678
Bianca Sandri – Deputy Mayor	-	-	-	22,438	-	31,678
Chris Hatton – Councillor	-	-	-	-	-	31,678
David Boothman – Councillor	-	-	-	-	964	31,678
David Lagan – Councillor	-	-	-	-	125	31,678
Elizabeth Re – Councillor	-	650	-	-	1,055	31,678
Felicity Farrelly – Councillor	-	-	-	-	-	31,678
Ferrante Joe – Councillor	-	-	-	-	111	31,678
Karen Caddy – Councillor	-	-	-	-	582	31,678
Karlo Perkov- Councillor	-	-	-	-	1,027	31,678
Keith Sargent – Councillor	-	-	-	-	2,130	31,678
Lisa Thornton – Councillor	-	-	-	-	-	31,678
Mark Irwin – Mayor	-	37	89,753	-	4,685	47,516
Stephanie Proud – Councillor	6	43	-	-	1,439	31,678
Suzanne Migdale – Councillor	-	-	-	-	111	31,678
Actuals for 2020/2021	6	730	89,753	22,438	12,406	491,008

	2022 Actual \$	2021 Actual \$
Elected members remuneration		
Meeting fees	510,228	491,008
Mayors allowance	89,753	89,753
Deputy mayors allowance	22,438	22,438
Travelling expenses	15,056	13,142
Telecommunications allowance	28,000	52,500
	<u>665,474</u>	<u>668,841</u>

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

19. Information about fees to Council members (continued)

Elected members IT & telecommunication allowance	Subtotal	Stationery	Elected members conference expenses	Councillors networking gifts and monetary donations allowance	Elected members personal allowance	Other members costs	Grand total
\$	\$	\$	\$	\$	\$	\$	\$
3,500	35,355	41	-	-	755	-	36,151
3,500	57,616	-	-	-	1,989	-	59,605
3,500	35,178	-	-	-	-	-	35,178
3,500	36,142	-	-	-	-	-	36,142
3,500	35,303	-	-	-	-	-	35,303
3,500	36,883	-	321	827	426	-	38,457
3,500	35,178	-	-	-	1,828	-	37,006
3,500	35,289	-	-	-	998	-	36,287
3,500	35,760	-	-	714	1,425	-	37,899
3,500	36,205	-	-	222	1,350	-	37,777
3,500	37,308	-	69	45	739	-	38,161
3,500	35,178	72	-	-	1,350	-	36,600
3,500	145,491	-	-	-	2,645	-	148,136
3,500	36,666	75	-	45	1,346	-	38,132
3,500	35,289	-	-	-	1,350	5,910	42,549
52,500	668,841	188	390	1,853	16,201	5,910	693,383

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

20. Related parties transactions

Key Management Personnel (KMP) compensation

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

	2022 Actual \$	2021 Actual \$
Short-term employee benefits	1,455,751	1,481,467
Post-employment benefits	124,305	118,176
Other long-term benefits	143,058	105,935
Termination benefits	79,843	–
	<u>1,802,957</u>	<u>1,705,578</u>

Short-term employee benefits

These amounts include all salary, paid leave and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 19.

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

These amounts represent termination benefits paid to KMP

The City's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

An associate person of KMP 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.

iv. Associated entities accounted for under the equity method

The City is involved in associated arrangements with Tamala Park Regional Council and Mindarie Regional Council.

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.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

20. Related parties transactions (continued)

The City's main related parties are as follows:

a) Tamala Park Regional Council

The following related party transactions occurred with the Tamala Park Regional Council for the financial year ending 30 June 2022:

	2022 Actual \$	2021 Actual \$
Associated companies/individuals:		
Fees and charges	501,507	340,449
Materials & contracts other works	465,794	241,122
Investments in associates:		
Distributions received	3,333,332	3,000,000

b) Mindarie Regional Council

The following related party transactions occurred with the Mindarie Regional Council (MRC) for the financial year ending 30 June 2022:

	2022 Actual \$	2021 Actual \$
Associated Companies/Individuals:		
Fees and charges	333,125	333,909
Materials & contracts other works	9,870,485	11,259,536
Investments	28,333,333	-
Associated Entities:		
Distributions Received	-	-
Amounts Payable to Related Parties:		
Trade and Other Payables	365,469	570,876

Due to a change to organics handling in Perth, now and into the future, it means that the resource recovery facility (RRF) is no longer the most suitable processing infrastructure and technology for this material stream. To this end, the MRC and BioVision have mutually agreed to terminate their processing agreement with effect from 31 August 2021. MRC is required to compensate the operators for the cashflows they would have received assuming the RRF continued from the negotiated exit date until its contractual end date of June 2029, discounted for risks and time value of money.

A financial guarantee to the operators of the resource recovery facility at the MRC site at Neerabup has been called upon and the City has contributed its share of \$28,333,333 to the MRC during the year.

c) Local Government House Unit Trust

The City along with other Councils and Shires has units in the Local Government House Trust. There was no transactions between the Trust and City of Stirling in current financial year.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

21. Investments

Equity contributions in other unlisted entities	% of ownership interest	2022 Actual \$	2021 Actual \$
Mindarie Regional Council	33.33	38,673,710	7,844,162
Tamala Park Regional Council	33.33	18,171,964	18,323,097
		56,845,674	26,167,259

Share of profit/(loss) of associate accounted for using the equity method	2022 Actual \$	2021 Actual \$
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Share of profit/(loss) of Mindarie Regional Council	(4,217,209)	(1,599,635)
Share of profit/(loss) of Tamala Park Regional Council	(229,625)	(190,857)
	(4,446,834)	(1,790,492)

a) Mindarie Regional Council

The City, along with 6 other Councils is a member of the Mindarie Regional Council.

The Mindarie Regional Council's objective is to establish and operate a long term refuse disposal site on Mindarie Super lot 118.

The City has contributed one third of the land and establishment costs of the refuse disposal facility and it uses the refuse disposal facility at Mindarie to deposit non-recyclable waste collected by the City's domestic and commercial waste services.

The City currently has a contingent liability in relation to the Mindarie Regional Council.

Details of this contingent liability are provided in note 16.

The table below reflects the summarised financial information of the material investments in associates based on the audited results of the Mindarie Regional Council. This does not reflect the City's share of those amounts. They have been amended to reflect adjustments made by the City when using the equity method, including fair value adjustments and modification for differences in accounting policy.

Summarised statement of comprehensive income	2022 Actual \$	2021 Actual \$
Revenue	43,272,034	55,753,809
Expenses	(56,069,051)	(60,609,155)
Profit on disposal of assets	145,389	56,441
Net Result for the period	(12,651,628)	(4,798,905)
Other comprehensive income	20,140,272	-
Total comprehensive income Mindarie Regional Centre	7,488,644	(4,798,905)
City's share of total comprehensive income	2,496,215	(1,599,635)

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

21. Investments (continued)

a) Mindarie Regional Council (continued)

Summarised statement of financial position	2022 Actual \$	2021 Actual \$
Current assets	50,281,492	42,526,862
Non current assets	95,598,663	90,593,148
Total assets	145,880,155	133,120,010
Current liabilities	(5,605,777)	(14,479,677)
Non current liabilities	(24,253,248)	(95,107,847)
Total liabilities	(29,859,025)	(109,587,524)
Net assets	116,021,130	23,532,486

Reconciliation to carrying amounts	2022 Actual \$	2021 Actual \$
Opening net assets 1 July	23,532,486	28,331,391
Profit/(Loss) for the period	(12,651,628)	(4,798,905)
Contribution to equity	85,000,000	–
Other comprehensive income	20,140,272	–
Closing net assets 30 June	116,021,130	23,532,486

Carrying amount of equity accounted investments	2022 Actual \$	2021 Actual \$
Carrying amount at 1 July	7,844,162	9,443,797
- share of associates net profit/(loss)	(4,217,209)	(1,599,635)
- share of associates other comprehensive income	6,713,424	–
- contribution to equity in associate	28,333,333	–
Carrying amount at 30 June	38,673,710	7,844,162

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

21. Investments (continued)

b) Tamala Park Regional Council (TPRC)

The City, along with 6 other Councils is a member of the Tamala Park Regional Council.

Tamala Park Regional Council was established in 2006 under Section 3.61 of the Local Government Act 1995.

The Tamala Park Regional Council's activities centre around the development of part Lot 118 Mindarie. Lot 118 was initially purchased in 1981 to provide a refuse landfill site for member councils of the Mindarie Regional Council, this lot is now being developed with a purpose of creating a new urban land development and a new urban community.

The investment in the Tamala Park Regional Council has been recognised at the value of its equity contributions. The City has undertaken a revaluation of its investments to fair value according to *Local Government (Financial Management) Regulations 1996*.

Statement of Comprehensive Income Summary	2022 Actual \$	2021 Actual \$
Revenue	322,628	496,982
Expenses	(1,008,002)	(1,070,259)
Finance costs	(1,757)	(519)
Profit/(loss) on disposal of assets	(1,744)	1,224
Net Result for the period	(688,875)	(572,572)
Other comprehensive income	–	–
Total comprehensive income Tamala Park Regional Council	(688,875)	(572,572)
City's share of total comprehensive income	(229,625)	(190,857)

Tamala Park Regional Council financial position	2022 Actual \$	2021 Actual \$
Current assets	53,079,035	53,668,172
Non current assets	1,786,027	1,722,724
Total assets	54,865,062	55,390,896
Current liabilities	(216,486)	(420,373)
Non current liabilities	(132,683)	(1,231)
Total liabilities	(349,169)	(421,604)
Net assets	54,515,893	54,969,292
Total equity Tamala Park Regional Council	54,515,893	54,969,292
City's share of equity (one third)	18,171,964	18,323,097
Movement in carrying value of investment	(151,133)	2,689,797

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

21. Investments (continued)

b) Tamala Park Regional Council (TPRC) (continued)

Reconciliation to carrying amounts	2022 Actual \$	2021 Actual \$
Opening net assets 1 July	54,969,292	46,899,900
Profit/(Loss) for the period	(688,875)	(572,572)
Members contribution to equity	235,476	8,641,964
Closing net assets 30 June	54,515,893	54,969,292

Movement in carrying value of equity accounted investment	2022 Actual \$	2021 Actual \$
Carrying amount at 1 July	18,323,097	15,633,300
Share of profit/(loss)	(229,625)	(190,857)
Contributed equity	262,110	140,300
Capital contributions – net	3,149,714	5,740,354
Distributions received	(3,333,332)	(3,000,000)
Carrying amount at 30 June	18,171,964	18,323,097

The City's share of the land held for re-sale in relation to Tamala Park has been recognised in Note 6.

Investment in associates

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

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

22. Financial risk management

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

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

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

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

a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2022					
Cash and cash equivalents	1.06	142,555,202	142,490,770	-	64,432
2021					
Cash and cash equivalents	0.20	144,619,551	144,549,026	-	70,525

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*	1,425,552	1,446,196

* Holding all other variables constant

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

22. Financial risk management (continued)

b) Credit Risk

Trade and other receivables

The City's major receivables comprise of rates and annual charges and user charges and fees. 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. Council is also 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 and benchmarks are set and monitored for acceptable collection performance.

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

The expected loss rates are based on the payment profiles of fees and charges over a period of 12 months before 1 July 2022 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.

No provisions are made for Rates debtors as the City has provisions under Schedule 6.3 of the *Local Government Act 1995* to assist in managing rates or service charges which remain unpaid.

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
As at 30 June 2022					
Trade and other receivables					
Expected credit loss	0.328	0.591	0.529	0.005	
Gross carrying amount	927,345	166,359	80,889	15,689,347	16,863,940
Loss allowance	304,417	98,344	42,799	72,702	518,262
As at 30 June 2021					
Trade and other receivables					
Expected credit loss	0.000	0.584	0.086	0.030	
Gross carrying amount	1,156,581	257,954	189,562	15,320,269	16,924,366
Loss allowance	0	150,523	16,325	463,941	630,789

Contract Assets

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

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

22. Financial risk management (continued)

c) Liquidity risk

Payables

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.

	Due within 1 year \$	Due between 1 & 5 years \$	Total contractual cash flows \$	Carrying values \$
2022				
Trade and other payables	47,082,960	–	47,082,960	47,082,960
Lease liabilities	46,998	50,805	97,803	97,803
	47,129,958	50,805	47,180,763	47,180,763
2021				
Trade and other payables	40,916,401	–	40,916,401	40,916,401
Lease liabilities	50,702	72,815	123,517	123,517
	40,967,103	72,815	41,039,918	41,039,918

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

23. Subsequent event

There have been no subsequent events of a material nature to report since the end of the financial year.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

24. Function and activity

a) Service objectives and description

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

Objective	Description
Governance	
To provide a decision making process for the efficient allocation of scarce resources.	Administration and operation of facilities and services to members of the City; Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific City services; all other governance related activities in areas such as City Support, Administration, Finance and Information Services have been allocated down to the Programs that these costs support.
Law, order and public safety	
To provide services to help ensure a safer community.	Supervision of various local laws, security, fire prevention, emergency services and animal control.
Health	
To provide an operational framework for environmental and community health.	Food quality and pest control, health education, health related emergency response.
Education and welfare	
To provide services to disadvantaged persons, the elderly, children and youth.	Provision, management and support services for families, children and the aged and disabled within the community assistance to schools, senior citizens support groups and meals on wheels.
Community amenities	
To provide services required by the community.	Town planning and development, rubbish collection services, noise control, stormwater drainage, the provision of public conveniences, bus shelters, roadside furniture and litter control.
Recreation and culture	
To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.	Provision of facilities and support for organisations concerned with leisure time activities and sport, support for the performing and creative arts and the preservation of the national estate. This includes maintenance of halls, aquatic centres, recreation and community centres, parks, gardens, sports grounds and the operation of libraries.
Transport	
To provide safe, efficient and effective transport services to the community.	Construction, maintenance and cleaning of streets, roads, bridges, drainage works, footpaths, parking facilities, traffic signs and the Council Operation Centre, street lighting, traffic lights, including development, plant purchase and maintenance.
General purpose funding	
To collect revenue to allow for the provision of services.	Rates income and expenditure, general purpose government grants, pensioner deferred rates and interest revenue.
Economic services	
To help promote the local government and its economic wellbeing.	To plan facilities and regulate land use consistent with community expectations and environmental considerations.
Other property and services	
To provide effective and efficient property services to the community and to monitor and control Council's overheads operating accounts.	Private works operations, public works overheads, City plant operations and repair costs, land and property services and others that cannot be assigned to one of the preceding programs.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

24. Function and activity (continued)

b) Income and Expenses by program

	2022 Budget \$	2022 Actual \$	2021 Actual \$
Revenue from operations excluding operating grants, subsidies and contributions and fees and charges			
General Purpose Funding	146,247,144	145,596,943	140,046,320
Governance	1,516,916	1,506,753	1,742,472
Law, Order & Public Safety	3,624,895	3,719,875	3,480,457
Health	192,220	158,395	271,874
Education & Welfare	33,500	30,710	59,278
Community Amenities	44,217,224	43,601,732	41,227,537
Recreation & Culture	1,025,792	1,018,063	1,990,819
Transport	1,220,500	1,296,343	1,225,636
Economic Services	9,366,303	7,892,068	2,274,910
Other Property & Services	1,821,696	1,444,488	806,946
Total revenue excluding operating grants, subsidies and contributions and fees and charges	209,266,190	206,265,370	193,126,249
Fees and charges			
General Purpose Funding	3,990	4,019	–
Governance	6,400	16,957	9,577
Law Order & Public Safety	26,000	28,116	33,781
Education And Welfare	4,795,719	4,273,795	3,686,186
Community Amenities	2,082,991	2,790,044	2,327,078
Recreation & Culture	12,143,923	12,594,263	11,976,083
Transport	1,190,000	993,392	1,103,963
	20,249,023	20,700,586	19,136,668
Operating grants, subsidies and contributions			
General Purpose Funding	4,556,445	6,473,358	4,628,417
Law, Order & Public Safety	70,500	69,020	82,612
Education & Welfare	7,422,585	7,577,838	7,812,088
Community Amenities	–	–	(14,625)
Recreation & Culture	1,550,635	1,965,425	832,868
Transport	150,000	156,883	160,548
Other Property & Services	–	128,486	220,210
	13,750,165	16,371,010	13,722,118
Total Operating Revenue	243,265,378	243,336,966	225,985,035
Expenses from operations			
General purpose funding	–	5,089,248	(274,538)

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

24. Function and activity (continued)

b) Income and Expenses by program (continued)

	2022 Budget \$	2022 Actual \$	2021 Actual \$
Governance	(13,235,793)	(14,090,205)	(12,219,221)
Law, order & public safety	(8,515,844)	(8,100,136)	(8,116,127)
Health	(2,947,685)	(2,655,671)	(2,748,871)
Education & welfare	(19,628,661)	(19,762,349)	(19,096,227)
Community amenities	(52,662,020)	(48,105,723)	(49,990,359)
Recreation & culture	(75,515,585)	(75,812,204)	(72,006,322)
Transport	(60,139,524)	(58,462,178)	(56,811,184)
Economic services	(13,027,919)	(10,674,323)	(5,024,588)
Other property & services	(17,269,744)	(17,165,161)	(12,861,076)
Total expenditure	(262,942,775)	(249,738,702)	(239,148,513)
Net result	(19,677,397)	(6,401,736)	(13,163,478)
Non-operating grants, subsidies, contributions			
General purpose funding	2,202,840	3,039,350	2,257,042
Governance	–	–	84,891
Community amenities	50,000	–	–
Recreation & culture	875,000	2,033,199	625,179
Transport	5,260,343	3,630,664	4,490,800
Other property & services	14,348,732	12,809,875	12,350,773
Total non-operating grants, subsidies, contributions	22,736,915	21,513,088	19,808,685
Gifted & previously unrecognised assets			
Recreation & culture	–	–	65,000
Total gifted & previously unrecognised assets	–	–	65,000
Share of profit/(loss) in equity accounted investment			
Other property & services	–	(4,446,834)	(1,790,492)
Total equity share of investment	–	(4,446,834)	(1,790,492)
Profit on sale of Tamala Park land			
Other property & services	3,300,000	3,855,193	4,165,714
Total Profit on sale of Tamala Park land	3,300,000	3,855,193	4,165,714
Fair value adjustment to financial assets			
Other property & services	–	9,992	6,465
Total fair value adjustment to financial assets	–	9,992	6,465
Gain/(Loss) on revaluation of assets			
General purpose funding	–	(8,514,209)	–
Total Gain/(Loss) on revaluation of assets	–	(8,514,209)	–

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

24. Function and activity (continued)

b) Income and Expenses by program (continued)

	2022 Budget \$	2022 Actual \$	2021 Actual \$
Profit/(loss) on disposal of assets			
Governance	–	(8,686)	(1,506)
Law, order & public safety	–	–	8,283
Health	–	–	(6)
Education & welfare	–	(3)	(13,920)
Community amenities	–	(73)	1,173,636
Recreation & culture	–	(1,431,927)	(785,055)
Transport	–	(1,167)	(5)
Economic services	–	(3)	–
Other property & services	(785,695)	959,564	732,988
Total profit/(loss) on disposal of assets	(785,695)	(482,295)	1,114,415
Net result	5,573,823	5,533,199	10,206,309
Other comprehensive income			
Changes on revaluation of non-current assets	–	(7,728,292)	–
Total comprehensive income	5,573,823	(2,195,093)	10,206,309

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

25. Rates

a) Rating information

	Rate in \$	Number of properties	Rateable value	2022 Budget \$	2022 Actual \$	2021 Actual \$
Differential rates						
Residential	0.057503	57,491	1,353,811,769	77,848,238	77,575,051	71,192,074
Industrial	0.058358	1,809	219,968,097	12,836,898	12,808,954	12,671,314
Commercial	0.052914	1,632	321,616,810	17,018,032	16,973,916	16,484,330
Vacant	0.079371	1,277	31,135,410	2,471,249	2,470,534	2,853,908
Sub-total				110,174,417	109,828,455	103,201,626
Minimum payments						
	Minimum					
General minimum	861	39,027	472,278,967	33,560,058	33,468,853	34,605,333
Parkland villas (under 36m ²)	715	7	76,440	5,005	5,005	16,905
Strata titled storage units	558	56	284,903	31,248	82,947	14,927
Interim rates				826,121	1,048,781	603,318
Total general rates levied				144,596,849	144,434,041	138,442,109
Plus						
Late payment penalties				300,000	297,661	–
Arrears rates				3,990	4,020	–
Instalment charges & interest				300,000	160,308	–
General purpose grant				4,556,445	6,448,910	4,564,062
Other general purpose funding				1,050,295	729,380	1,668,566
Total general purpose funding (Note 24b)				150,807,579	152,074,320	144,674,737

For the 2021/22 financial year, and in accordance with the provisions of Section 6.33 of the Local Government Act 1995, the City of Stirling have adopted a Differential Rates strategy with a different rate in the dollar applied to each of the four property categories. The key values of objectivity, fairness, equity and transparency have been applied when setting the rate in the dollar

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

25. Rates (continued)

b) Instalment option for rates

The following instalment options were available to ratepayers for the payment of rates and service charges.

Instalment options	Date due	Instalment plan admin charge \$	Instalment plan interest rate %	Unpaid rates interest rates %
Option one				
Single full payment	27/08/2021	0	0%	5%
Option two (i)				
First instalment	27/08/2021	0	1.5%	5%
Second instalment	12/11/2021	0	1.5%	5%
Option three (ii)				
First instalment	27/08/2021	0	1.5%	5%
Second instalment	12/11/2021	0	1.5%	5%
Third instalment	14/01/2022	0	1.5%	5%
Fourth instalment	1/08/2022	0	1.5%	5%
Option three (iii)				
First instalment	27/08/2021	0	0%	0%
Weekly instalment (42 instalments)	*	0	0%	0%
Fortnightly instalment (21 instalments)	*	0	0%	0%
Monthly instalment (10 instalments)	*	0	0%	0%

* Due dates for remaining instalments to be agreed between the City and the ratepayer

c) Concession and write offs

The total cost or reduction of revenue from the waiver or grant of concession was Nil. The total amount of rates written off was Nil. The original budget was Nil.

d) Late payment interest

The City, in accordance with the provisions of Section 6.45 of the *Local Government Act 1995*, for the 2021/22 financial year, will impose the interest charges for payment of rates, ESL, domestic refuse charge, property surveillance and security service charge, and private swimming pool inspection fees where the owner has elected to pay rates (and service charges) by way of an instalment option.

In accordance with the provisions of Section 6.49 of the *Local Government Act 1995*, the Chief Executive Officer, entered into special payment agreements with ratepayers during the 2021/22 financial year for the payment of rates, ESL, Domestic Refuse Charge, Property Surveillance and Security Service Charge and Private Swimming Pool Inspection Fees.

Significant accounting policies

Rates

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

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

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

26. Net current assets (opening and closing funds)

Determination of opening funds

	Note	2022 Actual \$	2021 Actual \$	2020 Actual \$
Current assets				
Cash & cash equivalents	3	142,555,202	144,619,551	125,256,781
Trade & other receivables	5a	15,620,108	8,033,850	6,672,461
Other assets	5c	1,765,360	1,341,280	1,324,464
Inventories	6	5,176,603	305,134	2,716,891
Contract assets	7	1,791,725	1,676,982	105,836
Right of use assets	10	–	119,623	98,917
Total current assets		166,908,998	156,096,420	136,175,350
Current liabilities				
Payables & provisions	11, 12, 13, 27	(68,133,730)	(62,808,628)	(48,155,648)
Total current liabilities		(68,133,730)	(62,808,628)	(48,155,648)
Net current assets		98,775,268	93,287,792	88,019,702
Less: committed cash				
Add: current annual leave	13	8,029,857	8,228,765	6,959,711
Add: current long service leave	13	10,448,166	10,630,768	9,412,454
Budget adjustments net		18,478,023	18,859,533	16,372,165
Less: restricted financial assets reserves	3	(70,153,272)	(84,898,889)	(82,218,244)
Net current assets at end of year on Rate Setting Statement		47,100,019	27,248,436	22,173,623

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

27. Lease liabilities

	2022 \$ Current	2022 \$ Non-current	2022 \$ Total	2021 \$ Current	2021 \$ Non-current	2021 \$ Total
Plant and equipment	46,898	48,605	95,503	50,602	70,715	121,317
Land	100	2,200	2,300	100	2,100	2,200
	46,998	50,805	97,803	50,702	72,815	123,517

	Plant and equipment			Land – peppercorn lease			Total – plant & equipment and land		
	Lease liability Current \$	Lease liability Non-current \$	Lease liability Total \$	Lease liability Current \$	Lease liability Non-current \$	Lease liability Total \$	Lease liability Current \$	Lease liability Non-current \$	Lease liability Total \$
30.06.21 Balance as at end of year	50,602	70,715	121,317	100	2,100	2,200	50,702	72,815	123,517
New lease liability	6,533	27,797	34,330	–	–	–	6,533	27,797	34,330
Movement from non-current to current	49,707	(49,707)	–	100	(100)	–	49,807	(49,807)	–
Repayment/termination	(68,759)	–	(68,759)	(100)	–	(100)	(68,859)	–	(68,859)
Lease interest	8,815	–	8,815	–	–	–	8,815	–	8,815
30.06.22 Balance as at end of year	46,898	48,805	95,703	100	2,000	2,100	46,998	50,805	97,803

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

28. Restricted reserves – cash backed

	2022 Actual Opening Balance \$	2022 Actual Transfer to \$	2022 Actual Transfer (from) \$	2022 Actual Closing Balance \$	2022 Budget Opening Balance \$
a) Asset acquisition	2,369,972	8,856	(492,057)	1,886,771	2,511,312
b) Capital investment	4,860,521	–	(367,967)	4,492,554	5,129,560
c) Cash in lieu of public open space	195,689	33,371	–	229,060	–
d) Corporate projects	2,314,835	2,656,468	(75,336)	4,895,967	2,827,711
e) Development contribution right of way improvement works	–	263,995	(263,995)	–	–
f) Edith Cowan Reserve lighting	40,539	151	–	40,690	40,500
g) Investment income	2,529,159	831,128	(323,472)	3,036,815	1,975,815
h) Mirrabooka regional centre strategy	–	–	–	–	–
i) Payment in lieu of parking	2,901,680	25,843	–	2,927,523	2,898,912
j) Plant replacement	3,774,650	3,918,508	(526,000)	7,167,158	4,146,720
k) Previous employees long service leave provision	713,184	61,984	–	775,168	700,516
l) Public parking strategic	6,684,643	24,980	(280,221)	6,429,402	5,770,654
m) Road widening	139,169	520	–	139,689	139,036
n) Security service charge	765,338	946,033	(765,338)	946,033	520,000
o) Staff leave liability	13,326,337	49,800	–	13,376,137	13,313,634
p) Strategic waste development	34,261,357	3,689,942	(28,490,811)	9,460,488	31,362,019
q) Tamala Park	6,495,077	3,357,603	–	9,852,680	6,491,745
r) Tree	1,018,156	307,516	(269,736)	1,055,936	732,324
s) Workers compensation	2,508,583	1,865,237	(932,619)	3,441,201	2,508,583
	84,898,889	18,041,935	(32,787,552)	70,153,272	81,069,041

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

28. Restricted reserves – cash backed (continued)

2022 Budget Transfer to \$	2022 Budget Transfer (from) \$	2022 Budget Closing Balance \$	2021 Actual Opening Balance \$	2021 Actual Transfer to \$	2021 Actual Transfer (from) \$	2021 Actual Closing Balance \$
14,075	(2,500,000)	25,387	2,887,466	14,027	(531,521)	2,369,972
28,749	(2,025,000)	3,133,309	5,129,561	–	(269,040)	4,860,521
–	–	–	–	195,689	–	195,689
1,106,323	–	3,934,034	2,402,745	527,776	(615,686)	2,314,835
–	–	–	–	364,906	(364,906)	–
227	–	40,727	40,343	196	–	40,539
11,074	(1,400,000)	586,889	1,948,211	620,109	(39,161)	2,529,159
–	–	–	–	–	–	–
16,247	–	2,915,159	2,887,652	14,028	–	2,901,680
3,922,442	(7,754,961)	314,201	3,183,523	4,292,577	(3,701,450)	3,774,650
100,000	(100,000)	700,516	672,186	58,744	(17,746)	713,184
32,342	(325,000)	5,477,996	10,924,050	53,068	(4,292,475)	6,684,643
779	–	139,815	138,496	673	–	139,169
495,000	(710,828)	304,172	686,067	765,338	(686,067)	765,338
74,618	–	13,388,252	13,261,912	64,425	–	13,326,337
547,106	(7,144,983)	24,764,142	31,240,178	3,467,292	(446,113)	34,261,357
3,336,384	(3,500,000)	6,328,129	3,478,180	3,016,897	–	6,495,077
4,104	(211,395)	525,033	829,091	238,336	(49,271)	1,018,156
1,210,360	(1,210,360)	2,508,583	2,508,583	858,635	(858,635)	2,508,583
10,899,830	(26,882,527)	65,086,344	82,218,244	14,552,716	(11,872,071)	84,898,889

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

28. Restricted reserves – cash backed (continued)

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.

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

Name of Reserve	Purpose of the reserve
a) Asset acquisition reserve	Created in 2004/05 to accommodate anticipated revenues from land sales which are an integral part of the City's overall asset rationalisation program.
b) Capital investment reserve	The Capital Investment Reserve will hold proceeds of any sale of investment property, funds allocated by Council for investment purposes, surplus funds from investment purposes and any other funds as determined by Council.
c) Cash in lieu of public open space	This reserve was established in accordance with the Local Government Act 1995 and section 154 of the Planning and Development Act to account for the contribution and payment in lieu of public open space received after 12 September 2020.
d) Corporate projects reserve	Created in 2004/05 to accommodate future development needs of the City. The finalisation of the Strategic Community Plan, together with the long term works plan will assist in identifying appropriate uses for these funds.
e) Development contribution right of way improvement works reserve	This reserve was established in accordance with the Local Government Act 1995 to account for the contribution and payment of any right of way improvement work undertaken by the City.
f) Edith Cowan Reserve lighting reserve	These funds were provided by the developer of the estate surrounding the Churchlands Reserve. Council resolved to place the funds in a financial reserve fund to pay for future maintenance and running costs associated with the lighting on this reserve.
g) Investment income reserve	The Investment Income Reserve will hold rent from investment properties, dividends and distributions from other investments and interest earned on Capital Investment Reserve
h) Mirrabooka regional centre strategy reserve	The Mirrabooka Regional Centre Strategy Reserve will hold proceeds of any sale of land in the Mirrabooka Regional Centre Strategy Project Area until required to meet the expenditure on associated works and services.
i) Payment in lieu of parking reserve	These funds are provided by developers where it is impractical to provide the number of parking spaces generally required for a particular development/use. These are held until an opportunity arises where suitable parking may be provided. Care is taken to ensure that the funds are separately identified to enable them to be applied only to works within the specific areas from which the revenue was sourced.
j) Plant replacement reserve	This Reserve account is designed to eliminate the need for substantial allocations from rates in any year. The principle behind the Reserve is that a proportionate payment will be made from the general fund annually that relates to utilisation (consumption) of existing plant and provides for plant replacement.
k) Previous employees long service leave provision reserve	The purpose of this Reserve is to provide for liabilities for long service leave payments that may need to be made to other local governments in respect of the transferred service entitlement of past employees of the City. Regulations provide that long service leave entitlements are transferable from Council to Council for an employee's uninterrupted service in local government.
l) Public parking strategic reserve	This reserve was created to fund the City's Paid Parking Strategy.
m) Road widening reserve	The Road Widening Reserve was set up within the 2012/13 financial year to be used for compensation payments associated with the compulsory acquisition of land for road widening along Beaufort Street and Harborne Street.
n) Security service charge reserve	This reserve was created to accommodate excess funds from the charge levied for the Property Surveillance and Security services. In accordance with the provisions of Section 6.38 of the Local Government Act 1995 any surplus generated from this charge is to be allocated to a Reserve and used for Security Services, or be repaid to owners.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

28. Restricted reserves – cash backed (continued)

Name of Reserve	Purpose of the reserve
o) Staff leave liability reserve	It is the function of this Reserve to cash-back the liability of the City for long service leave and annual leave for continuing employees. The liability is calculated based on legal and contractual entitlements. The Reserve will be maintained at a minimum of 50% of the liability.
p) Strategic waste development reserve	The reserve was created in 2015/16 by renaming the 3-Bin Replacement Reserve and is to be used to fund strategic waste related projects.
q) Tamala Park reserve	The City will be receiving funds over the next few years for the sale of land developed at Tamala Park. It is proposed that the funds be used for income generating projects which in turn will help create a sustainable City.
r) Tree reserve	The Tree Reserve will hold any funds set aside under the City's Street and Reserve Trees policy.
s) Workers compensation reserve	The scope of this reserve is the payment of premium obligations and common law claims with respect to work related injuries for which the City as employer has a statutory or common law liability.

29. Trust funds

Trust funds allocated interest

Funds over which the City has no control and which are not included in the Financial Statements are as follows:

Purpose of trust fund	Opening balance 1 July 2021	Receipts	Paid out	Reclassification	Interest earned	Closing balance 30 June 2022
	\$	\$	\$	\$	\$	\$
Other bonds	515,627	–	(5,332)	–	1,283	511,578
Town planning scheme no. 18	4,271,100	–	–	–	10,499	4,281,599
Town planning scheme no. 25	580,425	–	–	–	1,426	581,851
Town planning scheme no. 27	415,128	–	–	–	1,021	416,149
Town planning scheme no. 28	819,364	–	*(190,385)	–	2,014	630,993
Laneways	680,339	–	(10,411)	–	1,678	671,606
Other trusts	852,872	–	–	–	2,139	855,011
Payment in lieu of public open space	9,272,912	275	(275)	^(5,335)	28,536	9,296,113
	17,407,767	275	(206,403)	(5,335)	48,596	17,244,900

* Represents \$190,385 net transfer to the municipal fund

^ Represents \$5,335 transferred to Restricted Municipal fund in accordance with the amendments to Section 154 of the *Planning and Development Act 2005*

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

30. Major land transaction information

The development and subdivision of Tamala Park (Catalina Estate)

Tamala Park Regional Council

The Tamala Park Regional Council was established for the specific purpose of creating an urban development on 165 hectares of land immediately south of Neerabup Road and the Mindarie Regional Council. The project is expected to have an eighteen-year life cycle with more than 2,500 lots developed for housing that will be progressively sold in stages. The first stage of the development commenced in early 2011 and the first lots were released for sale in July 2012.

The City along with 6 other Councils is a member of the Tamala Park Regional Council.

The City will contribute one third of any funding required for capital or operating costs and will also be entitled to one third of revenue from the sale of lots of land.

As at 30 June 2022 the value of the City's equity share of its investment in the Tamala Park Regional Council was \$18,171,964 (refer note 21).

Total of sales and expenditure of Catalina Estate land

	2022 Actual \$	Total to 30 June 2021 \$	Total \$
Income from sales	30,288,674	279,300,025	309,588,699
Expenditure	(17,671,589)	(147,582,484)	(165,254,073)
Surplus	12,617,085	131,717,541	144,334,626

City of Stirling share of sales and expenditure of Catalina Estate land

	2022 Actual \$	Total to 30 June 2021 \$	Total \$
Income from sales	10,096,225	93,100,008	103,196,233
Expenditure	(5,890,530)	(49,194,161)	(55,084,691)
Surplus	4,205,695	43,905,847	48,111,542

Estimated sales and cost of sales Catalina Estate 2022 to project completion

	2022 Actual \$	2023 Forecast \$	2024 Forecast \$	2025 to 2030 Forecast \$
Income from Sales	30,288,674	53,580,503	56,933,540	255,341,049
Total Expenditure	(17,671,589)	(31,401,052)	(28,966,277)	(103,857,180)
Surplus	12,617,085	22,179,451	27,967,263	151,483,869

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2022

30. Major land transaction information (continued)

The development and subdivision of Tamala Park (Catalina Estate) (continued)

Tamala Park Regional Council financial position

	2022 Actual \$	2021 Actual \$
Current Assets	53,079,035	53,668,172
Non Current Assets	1,786,027	1,722,724
Total Assets	54,865,062	55,390,896
Current Liabilities	(216,486)	(420,373)
Non Current Liabilities	(132,683)	(1,231)
Total Liabilities	(349,169)	(421,604)
Net Assets	54,515,893	54,969,292
Total Equity Tamala Park Regional Council	54,515,893	54,969,292
City's Share of Equity (One Third)	18,171,964	18,323,097

