

The background of the cover features a close-up photograph of pink flowers with yellow stamens. A dark blue curved banner is positioned at the bottom, containing the title text. A small green curved banner is at the bottom right corner.

Annual **Financial Statements 2023/2024**

CITY OF KWINANA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

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

A unique and liveable City, celebrated for and connected by its diverse community, natural beauty and economic opportunities.

Principal place of business:
Corner Gilmore Avenue and Sulphur Road
Kwinana WA 6167



**CITY OF KWINANA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

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

STATEMENT BY CEO

The accompanying financial report of the City of Kwinana has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2024 and the financial position as at 30 June 2024.

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

Signed on the 3rd day of December 2024



Chief Executive Officer

Wayne Jack

Name of CEO



**CITY OF KWINANA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024**

				Restated *
	NOTE	2024 Actual \$	2024 Budget \$	2023 Actual \$
Revenue				
Rates	2(a),26	49,787,146	48,733,255	45,658,708
Grants, subsidies and contributions	2(a)	3,895,721	3,577,697	5,560,733
Fees and charges	2(a)	14,854,931	13,482,258	13,020,355
Interest revenue	2(a)	4,938,967	3,166,112	3,266,442
Other revenue	2(a)	1,927,202	506,909	1,349,103
		75,403,967	69,466,231	68,855,341
Expenses				
Employee costs	2(b)	(30,715,015)	(29,903,156)	(28,499,746)
Materials and contracts		(27,100,701)	(26,444,818)	(25,021,397)
Utility charges		(2,855,252)	(2,689,795)	(2,632,807)
Depreciation		(22,857,486)	(18,086,055)	(18,802,447)
Finance costs		(597,672)	(597,785)	(715,653)
Insurance		(720,958)	(741,288)	(696,698)
Other expenditure	2(b)	(6,072,933)	(113,600)	(2,285,929)
		(90,920,017)	(78,576,497)	(78,654,677)
		(15,516,050)	(9,110,266)	(9,799,336)
Capital grants, subsidies and contributions	2(a)	13,906,294	3,890,976	19,168,861
Profit on asset disposals		578,823	43,537	132,518
Loss on asset disposals		(2,095,730)	(108,836)	(2,923,420)
Fair value adjustments to financial assets at fair value through profit or loss	4(c)	1,189,619	0	410,264
Fair value adjustments to investment property	11	0	0	442,000
		13,579,006	3,825,677	17,230,223
Net result for the period	25(b)	(1,937,044)	(5,284,589)	7,430,887
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	17	60,813,162	0	38,583,807
Total other comprehensive income for the period	17	60,813,162	0	38,583,807
Total comprehensive income for the period		58,876,118	(5,284,589)	46,014,694

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

*Restated - Refer to Note 31



CITY OF KWINANA
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	NOTE	2024 \$	Restated* 2023 \$	Restated* 2022
CURRENT ASSETS				
Cash and cash equivalents	3	15,495,322	6,451,840	10,482,138
Trade and other receivables	5	3,422,326	3,861,200	3,595,676
Other financial assets	4(a)	63,048,203	69,729,213	62,204,865
Other assets	6	2,746,777	1,827,785	507,512
Assets classified as held for sale	6	1,012,000	0	0
TOTAL CURRENT ASSETS		85,724,628	81,870,038	76,790,191
NON-CURRENT ASSETS				
Trade and other receivables	5	990,991	971,005	907,498
Other financial assets	4(b)	4,719,468	3,600,706	3,239,795
Property, plant and equipment	7	171,234,383	177,464,654	139,096,047
Infrastructure	8	687,264,512	624,809,983	620,635,786
Right-of-use assets	10(a)	126,239	267,889	391,339
Investment property	11	0	1,012,000	570,000
Intangible assets	12	0	276,532	347,437
TOTAL NON-CURRENT ASSETS		864,335,593	808,402,769	765,187,902
TOTAL ASSETS		950,060,221	890,272,807	841,978,093
CURRENT LIABILITIES				
Trade and other payables	13	35,456,113	25,977,250	24,536,347
Other liabilities	14	4,390,821	1,475,543	2,612,654
Lease liabilities	10(b)	103,810	146,163	10,110
Borrowings	15	2,340,024	2,208,899	2,696,235
Employee related provisions	16	5,287,124	4,813,269	5,147,863
TOTAL CURRENT LIABILITIES		47,577,892	34,621,124	35,003,209
NON-CURRENT LIABILITIES				
Other liabilities	14	31,791,387	41,010,766	36,327,921
Lease liabilities	10(b)	5,386	105,667	371,179
Borrowings	15	9,012,092	11,383,241	13,156,542
Employee related provisions	16	264,239	618,902	600,829
TOTAL NON-CURRENT LIABILITIES		41,073,104	53,118,576	50,456,471
TOTAL LIABILITIES		88,650,996	87,739,700	85,459,680
NET ASSETS		861,409,225	802,533,107	756,518,413
EQUITY				
Retained surplus		227,728,909	228,482,200	225,597,096
Reserve accounts	29	68,077,207	69,260,960	64,715,177
Revaluation surplus	17	565,603,109	504,789,947	466,206,140
TOTAL EQUITY		861,409,225	802,533,107	756,518,413

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

*Restated - Refer to Note 31



CITY OF KWINANA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2022		219,967,545	64,715,177	466,206,140	750,888,862
Correction of error	31	5,629,551	0	0	5,629,551
Restated balance at the beginning of the financial year		225,597,096	64,715,177	466,206,140	756,518,413
Comprehensive income for the period					
Net result for the period		7,430,887	0	0	7,430,887
Other comprehensive income for the period	17	0	0	38,583,807	38,583,807
Total comprehensive income for the period		7,430,887	0	38,583,807	46,014,694
Transfers from reserve accounts	29	9,009,573	(9,009,573)	0	0
Transfers to reserve accounts	29	(13,555,356)	13,555,356	0	0
*Restated Balance as at 30 June 2023		228,482,200	69,260,960	504,789,947	802,533,107
Comprehensive income for the period					
Net result for the period		(1,937,044)	0	0	(1,937,044)
Other comprehensive income for the period	17	0	0	60,813,162	60,813,162
Total comprehensive income for the period		(1,937,044)	0	60,813,162	58,876,118
Transfers from reserve accounts	29	22,231,241	(22,231,241)	0	0
Transfers to reserve accounts	29	(21,047,488)	21,047,488	0	0
Balance as at 30 June 2024		227,728,909	68,077,207	565,603,109	861,409,225

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

*Restated - Refer to Note 31



CITY OF KWINANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	NOTE	2024 Actual \$	2023 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		49,457,309	46,375,918
Grants, subsidies and contributions		(4,317,951)	7,180,146
Fees and charges		14,898,246	13,000,317
Interest revenue		4,605,902	3,266,442
Other revenue		1,413,137	1,349,103
		66,056,643	71,171,926
Payments			
Employee costs		(30,587,250)	(29,644,372)
Materials and contracts		(17,799,194)	(24,160,252)
Utility charges		(2,855,252)	(2,632,807)
Finance costs		(597,672)	(715,653)
Insurance paid		(720,958)	(696,698)
Goods and services tax paid		18,458	22,925
Other expenditure		(6,072,933)	(5,954)
		(58,614,801)	(57,832,811)
Net cash provided by operating activities	18(b)	7,441,842	13,339,115
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment		(2,915,046)	(4,782,812)
Payments for construction of infrastructure		(7,630,292)	(7,268,591)
Capital grants, subsidies and contributions		6,784,510	3,921,805
Proceeds from/(payments for) financial assets at amortised cost		6,732,807	(7,493,439)
Proceeds from financial assets at amortised cost - self supporting loans		19,061	18,444
Proceeds from financial assets at fair values through profit and loss		(1)	0
Proceeds from sale of property, plant & equipment		993,259	647,664
Net cash provided by (used in) investing activities		3,984,298	(14,956,929)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	28(a)	(2,240,024)	(2,260,637)
Payments for principal portion of lease liabilities	28(b)	(142,634)	(151,847)
Net cash (used in) financing activities		(2,382,658)	(2,412,484)
Net increase (decrease) in cash held		9,043,482	(4,030,298)
Cash at beginning of year		6,451,840	10,482,138
Cash and cash equivalents at the end of the year	18(a)	15,495,322	6,451,840

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



CITY OF KWINANA
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2024

				Restated*
	NOTE	2024 Actual \$	2024 Budget \$	2023 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	26	49,547,986	48,558,255	45,430,755
Rates excluding general rates	26	239,160	175,000	227,953
Grants, subsidies and contributions		3,895,721	3,577,697	5,560,733
Fees and charges		14,854,931	13,482,258	13,020,355
Interest revenue		4,938,967	3,166,112	3,266,442
Other revenue		1,927,202	506,909	1,349,103
Profit on asset disposals		578,823	43,537	132,518
Fair value adjustments to financial assets at fair value through profit or loss	4(c)	1,189,619	0	410,264
Fair value adjustments to investment property	11	0	0	442,000
		77,172,409	69,509,768	69,840,123
Expenditure from operating activities				
Employee costs		(30,715,015)	(29,903,156)	(28,499,746)
Materials and contracts		(27,100,701)	(26,444,818)	(25,021,397)
Utility charges		(2,855,252)	(2,689,795)	(2,632,807)
Depreciation		(22,857,486)	(18,086,055)	(18,802,447)
Finance costs		(597,672)	(597,785)	(715,653)
Insurance		(720,958)	(741,288)	(696,698)
Other expenditure		(6,072,933)	(113,600)	(2,285,929)
Loss on asset disposals		(2,095,730)	(108,836)	(2,923,420)
		(93,015,747)	(78,685,333)	(81,578,097)
Non cash amounts excluded from operating activities	27(a)	29,525,600	18,151,354	22,716,736
Amount attributable to operating activities		13,682,262	8,975,789	10,978,762
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		13,906,294	3,890,976	19,168,861
Proceeds from disposal of assets		993,259	529,500	647,664
Proceeds from financial assets at amortised cost - self supporting loans	28(a)	19,061	22,757	18,444
		14,918,614	4,443,233	19,834,969
Outflows from investing activities				
Purchase of property, plant and equipment	7(a)	(2,915,046)	(3,927,955)	(5,269,470)
Purchase and construction of infrastructure		(17,445,520)	(8,511,964)	(20,713,797)
Payments for intangible assets	12	0	(789,680)	0
		(20,360,566)	(13,229,599)	(25,983,267)
Non-cash amounts excluded from investing activities	27(b)	(6,684,269)	205,620	3,276,344
Amount attributable to investing activities		(12,126,221)	(8,580,746)	(2,871,954)
FINANCING ACTIVITIES				
Inflows from financing activities				
Transfers from reserve accounts	29	22,231,241	7,405,784	9,009,573
		22,231,241	7,405,784	9,009,573
Outflows from financing activities				
Repayment of borrowings	28(a)	(2,240,024)	(2,240,025)	(2,260,637)
Payments for principal portion of lease liabilities	28(b)	(142,634)	(112,840)	(151,847)
Transfers to reserve accounts	29	(21,047,488)	(6,581,129)	(13,555,356)
		(23,430,146)	(8,933,994)	(15,967,840)
Amount attributable to financing activities		(1,198,905)	(1,528,210)	(6,958,267)
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	27(c)	4,315,277	1,133,167	3,166,736
Amount attributable to operating activities		13,682,262	8,975,789	10,978,762
Amount attributable to investing activities		(12,126,221)	(8,580,746)	(2,871,954)
Amount attributable to financing activities		(1,198,905)	(1,528,210)	(6,958,267)
Surplus or deficit after imposition of general rates	27(c)	4,672,413	0	4,315,277

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

*Restated - Refer to Note 31



CITY OF KWINANA
FOR THE YEAR ENDED 30 JUNE 2024
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CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

1. BASIS OF PREPARATION

The financial report of the City of Kwinana which is a Class 2 local government 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.

The *Local Government (Financial Management) Regulations 1996* provide that:

- land and buildings classified as property, plant and equipment; or
- infrastructure; or
- vested improvements that the local government controls;

and measured at reportable value, are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from AASB 116 *Property, Plant and Equipment*, which would have required the City to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their fair value and, if so, revalue the class of non-financial assets.

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.

Critical accounting estimates and judgements

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

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

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

Critical accounting estimates and judgements (continued)

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:
 - Property, plant and equipment - note 7
 - Infrastructure - note 8
- Expected credit losses on financial assets - note 5
- Assets held for sale - note 6
- Impairment losses of non-financial assets - note
- Investment property - note 11
- Estimated useful life of intangible assets - note 12
- Measurement of employee benefits - note 16
- Measurement of provisions - note 16

Fair value hierarchy information can be found in note 24

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 30 of the financial report.

Initial application of accounting standards

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

- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

This standard resulted in terminology changes relating to material accounting policies (formerly referred to as significant accounting policies).

New accounting standards for application in future years

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

- AASB 2014-10 *Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2021-7c *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- AASB 2022-5 *Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback*
- AASB 2022-6 *Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*

These amendments are not expected to have any material impact on the financial report on initial application.

- AASB 2022-10 *Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

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

- AASB 2023-1 *Amendments to Australian Accounting Standards - Supplier Finance Arrangements*

These amendments may result in additional disclosures in the case of applicable finance arrangements.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Rates	General Rates	Single point in time	Payment dates adopted by Council during the year	None	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 date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Output method based on regular weekly and fortnightly period as proportionate to collection service
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within terms	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance or by instalments	Refund as per terms and conditions	Output method over 12 months matched to access right
Fees and charges for other goods and services	Library fees and reinstatements and private works	Single point in time	Payment in full in advance	None	Output method based on provision of service or completion of works
Sale of stock	Café and resource centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	When event takes place
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	When claim is agreed

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

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

2. REVENUE AND EXPENSES (Continued)

Revenue Recognition

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

For the year ended 30 June 2024

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	49,787,146	0	49,787,146
Grants, subsidies and contributions	3,895,721	0	0	0	3,895,721
Fees and charges	13,725,863	0	1,042,269	86,799	14,854,931
Interest revenue	0	0	386,822	4,552,145	4,938,967
Other revenue	0	0	0	1,927,202	1,927,202
Capital grants, subsidies and contributions	0	3,056,924	0	10,849,370	13,906,294
Total	17,621,584	3,056,924	51,216,237	17,415,516	89,310,261

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	45,658,708	0	45,658,708
Grants, subsidies and contributions	5,560,733	0	0	0	5,560,733
Fees and charges	12,258,623	0	719,106	42,626	13,020,355
Interest revenue	0	0	369,112	2,897,330	3,266,442
Other revenue	0	0	0	1,349,103	1,349,103
Capital grants, subsidies and contributions	0	12,790,322	0	6,378,539	19,168,861
Total	17,819,356	12,790,322	46,746,926	10,667,598	88,024,202

(a) Revenue

	Note	2024 Actual	2023 Actual
		\$	\$
Assets and services acquired below fair value			
Contributed assets		9,815,228	13,931,864
		9,815,228	13,931,864
Interest revenue			
Financial assets at amortised cost - self supporting loans		7,659	8,405
Interest on reserve account		3,231,118	2,233,556
Trade and other receivables overdue interest		386,822	369,112
Other interest revenue		1,313,368	655,369
		4,938,967	3,266,442
The 2024 original budget estimate in relation to: Trade and other receivables overdue interest was \$379,743			
Fees and charges relating to rates receivable			
Charges on instalment plan		214,243	124,919
The 2024 original budget estimate in relation to: Charges on instalment plan was \$190,000			

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report	98,000	92,000
- Other services – grant acquittals	5,500	5,000
	<u>103,500</u>	<u>97,000</u>

Employee Costs

Employee benefit costs	29,910,550	27,784,788
Other employee costs	804,465	714,958
	<u>30,715,015</u>	<u>28,499,746</u>

Finance costs

Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	595,142	711,268
Lease liabilities	2,530	4,385
	<u>597,672</u>	<u>715,653</u>

Other expenditure

Adjustment to Banksia Park liability	5,975,858	2,279,975
Sundry expenses	97,075	5,954
	<u>6,072,933</u>	<u>2,285,929</u>

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

3. CASH AND CASH EQUIVALENTS

Note	2024	2023
	\$	\$
Cash at bank and on hand	15,495,322	6,451,840
Total cash and cash equivalents	15,495,322	6,451,840
Held as		
- Unrestricted cash and cash equivalents	7,147,748	3,583,271
- Restricted cash and cash equivalents	8,347,574	2,868,569
	15,495,322	6,451,840

MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents

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

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

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

Restricted financial assets

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

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost
Financial assets at fair value through profit and loss

Other financial assets at amortised cost

Self supporting loans receivable
Term deposits

Financial assets at fair value through profit and loss

Banksia Park Deferred Management fee

Held as

- Unrestricted other financial assets at amortised cost
- Restricted other financial assets at amortised cost

(b) Non-current assets

Financial assets at amortised cost
Financial assets at fair value through profit or loss

Financial assets at amortised cost

Self supporting loans receivable

(c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss - opening balance
Movement attributable to fair value increment
Financial assets at fair value through profit or loss - closing balance

Note	2024	2023
	\$	\$
	62,720,739	69,452,908
	327,464	276,305
	63,048,203	69,729,213
	19,700	19,062
	62,701,039	69,433,846
	62,720,739	69,452,908
	327,464	276,305
	327,464	276,305
	347,164	295,367
	62,701,039	69,433,846
	63,048,203	69,729,213
	157,652	177,351
	4,561,816	3,423,355
	4,719,468	3,600,706
	157,652	177,351
	157,652	177,351
	3,699,660	3,289,396
	1,189,619	410,264
	4,889,279	3,699,660

MATERIAL ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 24 (i)) due to the observable market rates).

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

Financial assets at fair value through profit or loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 22.

CITY OF KWINANA
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2024

5. TRADE AND OTHER RECEIVABLES

Note	2024	2023
	\$	\$
Current		
Rates and statutory receivables	2,249,793	1,898,345
Trade receivables and other receivables	732,275	1,531,338
GST receivable	502,769	521,227
Allowance for credit losses of trade receivables and other receivables	(62,511)	(89,710)
	3,422,326	3,861,200
Non-current		
Rates and statutory receivables	990,991	971,005
	990,991	971,005

MATERIAL ACCOUNTING POLICIES

Rates and statutory receivables

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

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

Trade receivables

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

Other receivables

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

Measurement

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

Classification and subsequent measurement

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

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 22.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

6. OTHER ASSETS

Other assets - current

Prepayments
Accrued income
Contract assets
Assets classified as held for sale

2024	2023
\$	\$
619,961	492,775
1,784,166	903,723
342,650	431,287
1,012,000	0
3,758,777	1,827,785

Land classified as held for sale

The City of Kwinana is in the process of selling Unit 23 and Unit 24 Meares Avenue Kwinana in the 2024/2025 financial year.

MATERIAL ACCOUNTING POLICIES

Other current assets

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

Non-current assets held for sale

Assets are classified as held for sale where the carrying amount will be recovered through a sale rather than continuing use and the asset is available for immediate sale with a sale being highly probable. Non-current assets classified as held for sale are valued at the lower of the carrying amount and fair value less costs to sell.

Non-current assets held for sale (Continued)

The fair value of land and buildings was determined using the sales comparison approach using comparable properties in the area. This is a level 2 measurement as per the fair value heirachy set out in Note 24(i).

Contract assets

Contract assets primarily relate to the City of Kwinana's right consideration for work completed but not billed at the end of the period.

Impairment of assets associated with contracts with customers are detailed at Note 2(b).

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

7. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Assets not subject to operating lease		Total Property			Plant and equipment		Total property, plant and equipment
	Land	Buildings - specialised	Land	Buildings - specialised	Total Property	Furniture and equipment	Plant and equipment	
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	38,587,500	94,430,859	38,587,500	94,430,859	133,018,359	529,242	5,548,446	139,096,047
Additions*		3,332,634	0	3,332,634	3,332,634	71,138	1,843,541	5,247,313
Disposals		(104,496)	0	(104,496)	(104,496)		(539,239)	(643,735)
Revaluation increments / (decrements) transferred to revaluation surplus	10,220,501	28,363,306	10,220,501	28,363,306	38,583,807			38,583,807
Depreciation		(3,506,211)	0	(3,506,211)	(3,506,211)	(147,272)	(1,187,452)	(4,840,935)
Total	48,808,001	122,516,092	48,808,001	122,516,092	171,324,093	453,108	5,665,296	177,442,497
Work in Progress	0	22,157	0	22,157	22,157	0	0	22,157
Restated balance at 30 June 2023	48,808,001	122,538,249	48,808,001	122,538,249	171,346,250	453,108	5,665,296	177,464,654
Comprises:								
Gross balance amount at 30 June 2023	48,808,001	122,658,379	48,808,001	122,658,379	171,466,380	2,690,504	8,183,015	182,339,899
Accumulated depreciation at 30 June 2023	0	(120,130)	0	(120,130)	(120,130)	(2,237,396)	(2,517,719)	(4,875,245)
Total	48,808,001	122,538,249	48,808,001	122,538,249	171,346,250	453,108	5,665,296	177,464,654
Additions*	0	1,437,679	0	1,437,679	1,437,679	25,846	1,066,335	2,529,860
Disposals	(260,000)	0	(260,000)	0	(260,000)	0	(416,688)	(676,688)
Depreciation	0	(7,280,746)	0	(7,280,746)	(7,280,746)	(119,749)	(1,068,134)	(8,468,629)
Total	48,548,001	116,695,182	48,548,001	116,695,182	165,243,183	359,205	5,246,809	170,849,197
Work in Progress		371,032		371,032	371,032	9,972	4,182	385,186
Balance at 30 June 2024	48,548,001	117,066,214	48,548,001	117,066,214	165,614,215	369,177	5,250,991	171,234,383
Comprises:								
Gross balance amount at 30 June 2024	48,548,001	124,466,505	48,548,001	124,466,505	173,014,506	2,726,322	8,611,761	184,352,589
Accumulated depreciation at 30 June 2024	0	(7,400,291)	0	(7,400,291)	(7,400,291)	(2,357,145)	(3,360,770)	(13,118,206)
Total	48,548,001	117,066,214	48,548,001	117,066,214	165,614,215	369,177	5,250,991	171,234,383

* Asset additions included additions received at substantially less than fair value:

During the year ended 30 June 2023	0	0	0	0	0	0	486,658	486,658
During the year ended 30 June 2024	0	0	0	0	0	0	0	0

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Amount Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value - as determined at the last valuation date					
Land and buildings					
- Independent valuation	2	Market approach using recent observable open market values as evidenced by sales transactions of similar property types	Independent registered valuer	June 2023	Price per square metre
- Independent valuation	3	Market approach using recent observable open market values as evidenced by sales transactions of similar property types, adjusted for condition and comparability, at their current use as highest and best use.	Independent registered valuer	June 2023	Price per square metre adjusted for zoning restrictions
Buildings - specialised	2	Market approach using recent observable open market values as evidenced by sales transactions of similar property types	Independent registered valuer	June 2023	Price per square metre
	3	Market approach using recent observable open market values as evidenced by sales transactions of similar property types, adjusted for condition and comparability, at their current use as highest and best use.	Independent registered valuer	June 2023	Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

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

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs. The valuation techniques applied to property subject to lease was the same as that applied to property not subject to lease.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

8. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads \$	Infrastructure - footpaths \$	Infrastructure - drainage \$	Infrastructure - parks and ovals \$	Infrastructure - other \$	Infrastructure - carparks \$	Infrastructure - bus shelters \$	Infrastructure - street lights \$	Total Infrastructure \$
*Restated Balance at 1 July 2022	381,211,600	39,861,339	120,440,066	62,268,269	1,250,879	9,376,488	793,477	5,433,668	620,635,786
Additions**	8,439,727	2,011,494	4,524,080	3,555,820	0	413,749	0	61,952	19,006,822
(Disposals)	(2,055,010)	(104,681)	(8,493)	(427,494)	0	(20,288)	0	(178,865)	(2,794,831)
Depreciation	(8,518,961)	(859,289)	(1,335,883)	(2,454,540)	(35,643)	(331,711)	(31,737)	(177,005)	(13,744,769)
Total	379,077,356	40,908,863	123,619,770	62,942,055	1,215,236	9,438,238	761,740	5,139,750	623,103,008
Work in Progress	723,075	73,742	130,527	570,355	142,733	20,855	9,529	36,159	1,706,975
*Restated Balance at 30 June 2023	379,800,431	40,982,605	123,750,297	63,512,410	1,357,969	9,459,093	771,269	5,175,909	624,809,983
Comprises:									
Gross balance at 30 June 2023	388,286,209	41,867,485	125,087,904	66,431,651	1,393,612	9,790,952	803,006	5,348,997	639,009,816
Accumulated depreciation at 30 June 2023	(8,485,778)	(884,880)	(1,337,607)	(2,919,241)	(35,643)	(331,859)	(31,737)	(173,088)	(14,199,833)
Total	379,800,431	40,982,605	123,750,297	63,512,410	1,357,969	9,459,093	771,269	5,175,909	624,809,983
Additions**	7,437,593	2,277,467	3,257,392	3,578,473	0	133,607	69,370	0	16,753,902
(Disposals)	(672,030)	(161,583)	(350,054)	(583,772)	0	(3,924)	(46,417)	(15,698)	(1,833,478)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	60,468,319	344,843	0	0	0	60,813,162
Depreciation	(8,677,098)	(903,994)	(1,382,376)	(2,416,071)	(35,642)	(348,593)	(31,828)	(175,073)	(13,970,675)
Transfers	0	0	0	159,422	(142,733)	0	0	(16,689)	0
Work in Progress	0	0	0	131,888	0	536,244	0	23,486	691,618
Balance at 30 June 2024	377,888,896	42,194,495	125,275,259	124,850,669	1,524,437	9,776,427	762,394	4,991,935	687,264,512
Comprises:									
Gross balance at 30 June 2024	395,024,699	43,977,205	127,987,828	124,850,669	1,524,437	10,456,584	821,837	5,339,430	709,982,689
Accumulated depreciation at 30 June 2024	(17,135,803)	(1,782,710)	(2,712,569)	0	0	(680,157)	(59,443)	(347,495)	(22,718,177)
Balance at 30 June 2024	377,888,896	42,194,495	125,275,259	124,850,669	1,524,437	9,776,427	762,394	4,991,935	687,264,512

** Asset additions included additions received at substantially less than fair value:

During the year ended 30 June 2023	5,697,997	1,378,075	4,235,090	2,017,186	0	116,858	0	0	13,445,206
During the year ended 30 June 2024	2,795,767	1,145,075	3,338,106	2,468,384		67,896			9,815,228

*Restated - refer to Note 31

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

8. INFRASTRUCTURE (Continued)

(b) Carrying Amount Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value - as determined at the last valuation date					
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Infrastructure - Parks & Ovals	3	Cost approach using depreciated replacement cost	Management Valuation	June 2024	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Infrastructure - Other	3	Cost approach using depreciated replacement cost	Management Valuation	June 2024	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Infrastructure - Carparks	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Infrastructure - Bus Shelters	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Infrastructure - Street Lights	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)

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

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

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

9. FIXED ASSETS

(a) Depreciation

Depreciation rates

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

Asset Class	Useful life
Land - freehold land	Indefinite
Buildings - specialised	10 to 100 years
Furniture and equipment	2 to 15 years
Plant and equipment	3 to 20 years
Land and buildings subject to operating lease	Based on the remaining lease
Infrastructure - Roads	12 to 100 years
Infrastructure - Footpaths	10 to 100 years
Infrastructure - Drainage	5 to 100 years
Infrastructure - Carparks	5 to 40 years
Infrastructure - Bus Shelters	20 to 25 Years
Infrastructure - Street Lights	15 to 40 Years
Infrastructure - Parks & Ovals	4 to 102 Years
Infrastructure - Other	25 to 42 Years
Right of use - plant and equipment	Based on the remaining lease term

(b) Fully Depreciated Assets in Use

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

	2024	2023
	\$	\$
Furniture and equipment	2,065,142	500
Plant and equipment	1,440,043	583,609
Infrastructure - roads	23,988,289	23,988,289
	27,493,474	24,572,398

**CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

9. FIXED ASSETS (Continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the 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. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

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 *Local Government (Financial Management) Regulation 17A(5)*. These assets are expensed immediately.

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

Individual assets that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the City's revaluation policy, are recognised at cost and disclosed as being at reportable value.

Measurement after recognition

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under *Local Government (Financial Management) Regulation 17A(2)*. Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses being their reportable value.

Reportable Value

In accordance with *Local Government (Financial Management) Regulation 17A(2)*, the carrying amount of non-financial assets that are *land and buildings classified as property, plant and equipment*, investment properties, infrastructure or vested improvements that the local government controls.

Reportable value is for the purpose of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

Revaluation

Land and buildings classified as property, plant and equipment, *infrastructure or vested improvements that the local government controls* and measured at reportable value, are only required to be revalued 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 land vested in the City.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the City to revalue earlier if it chooses to do so.

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity.

Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all 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.

Depreciation on revaluation

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

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

Impairment

In accordance with *Local Government (Financial Management) Regulations 17A(4C)*, the City is not required to comply with *AASB 136 Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposal

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

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

10. LEASES

(a) Right-of-Use Assets

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

	Note	Right-of-use assets - plant and equipment	Right-of-use assets Total
Balance at 1 July 2022		391,339	391,339
Additions		22,388	22,388
Depreciation		(145,838)	(145,838)
Balance at 30 June 2023		267,889	267,889
Gross balance amount at 30 June 2023		811,006	811,006
Accumulated depreciation at 30 June 2023		(543,117)	(543,117)
Balance at 30 June 2023		267,889	267,889
Depreciation		(141,650)	(141,650)
Balance at 30 June 2024		126,239	126,239
Gross balance amount at 30 June 2024		562,757	562,757
Accumulated depreciation at 30 June 2024		(436,518)	(436,518)
Balance at 30 June 2024		126,239	126,239

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

		2024 Actual	2023 Actual
		\$	\$
Depreciation on right-of-use assets		(141,650)	(145,838)
Finance charge on lease liabilities	28(b)	(2,528)	(4,385)
Short-term lease payments recognised as expense		(4,282)	0
Low-value asset lease payments recognised as expense		(88,653)	(206,178)
Total amount recognised in the statement of comprehensive income		(237,113)	(356,401)
Total cash outflow from leases		(145,162)	(156,232)

(b) Lease Liabilities

Current		103,810	146,163
Non-current		5,386	105,667
	28(b)	109,196	251,830

Secured liabilities and assets pledged as security

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

MATERIAL ACCOUNTING POLICIES

Leases

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

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

All contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease. Details of individual lease liabilities required by regulations are provided at Note 28(b).

Right-of-use assets - measurement

Right-of-use assets are measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised 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 9 under revaluation for details on the material accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

11. INVESTMENT PROPERTY

Non-current assets - at reportable value

Carrying balance at 1 July

Classified as held for sale or disposal

Net gain/(loss) from fair value adjustment

Closing balance at 30 June

Amounts recognised in profit or loss for investment properties

Rental income

Direct operating expenses from property that generated rental income

Fair value gain recognised in profit or loss

Leasing arrangements

Investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

Less than 1 year

2024	2023
Actual	Actual
\$	\$
1,012,000	570,000
(1,012,000)	0
0	442,000
0	1,012,000
2,670	20,372
(41,724)	(26,523)
0	442,000
0	2,937
0	2,937

MATERIAL ACCOUNTING POLICIES

Investment properties

Investment properties are principally freehold buildings, held for long-term rental yields and not occupied by the City.

In accordance with *Local Government (Financial Management) Regulation 17A(2)*, the carrying amount of non-financial assets that are investment properties, are shown at their reportable value.

Reportable value for the purposes of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date.

Revaluation

In accordance with the regulatory framework, investment properties are required to be revalued whenever required by AASB 140 and, in any event, every five years.

Fair value of investment properties

A management valuation was performed to determine the fair value of investment properties. The main Level 3 inputs used in the valuation were discount rates, yields, expected vacancy rates and rental growth rates estimated by management based on comparable transactions and industry data.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

12. INTANGIBLE ASSETS

Intangible assets

Non-current

Computer software development
Less: Accumulated amortisation

Movements in balances of computer software during the financial year are shown as follows:

Balance at 1 July

Amortisation

Balance at 30 June

TOTAL INTANGIBLE ASSETS

2024 Actual	2023 Actual
\$	\$
354,528	354,528
(354,528)	(77,996)
0	276,532
276,532	347,437
(276,532)	(70,905)
0	276,532
0	276,532

Amortisation

The estimated useful life of intangible assets is 5 years for the current and prior years.

MATERIAL ACCOUNTING POLICIES

Computer software

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

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

Computer software (continued)

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.

Amortisation

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

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

Amortisation is included within depreciation in the Statement of Comprehensive Income.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Prepaid rates	
Accrued payroll liabilities	
Bonds and deposits held	
Accrued expenses	
Accrued interest on long term borrowings	
Unit contribution - Banksia Park	

2024	2023
\$	\$
4,898,779	285,125
1,270,264	1,228,667
584,707	576,134
2,687,484	2,831,605
1,745,890	2,760,213
13,156	15,531
24,255,833	18,279,975
35,456,113	25,977,250

MATERIAL ACCOUNTING POLICIES

Financial liabilities

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

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

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

Unit Contributions - Banksia Park

The City has entered into contracts with its residents in Banksia Park, which provide for specific rights and obligations of the City and the residents of its independent living villas.

The terms of these contracts have varied to some degree; however, each contract contains an obligation from the City to make a payment to the resident on termination of the contract. This obligation meets the definition of a financial liability and is recognised as trade and other payables in the statement of financial position. The liability is measured at fair value, being the market value of similar residents' contracts, determined by reference to recent sales history and trends in real estate prices in general. Any movement in fair value is recognised in profit or loss immediately.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates

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

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

14. OTHER LIABILITIES

Current

Contract liabilities - Operating Grant
Capital grant/contributions liabilities
Contract liabilities - Other

Non-current

Capital grant/contributions liabilities

Reconciliation of changes in contract liabilities

Opening balance
Additions
Revenue from contracts with customers included as a contract liability at the start of the period

The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$775,034 (2023: \$435,200)

The City expects to satisfy the performance obligations, from contracts with customers unsatisfied at the end of the reporting period, within the next 12 months.

Reconciliation of changes in capital grant/contribution liabilities

Opening balance
Additions
Revenue from capital grant/contributions held as a liability at the start of the period

Expected satisfaction of capital grant/contribution liabilities

Less than 1 year

1 to 2 years

2 to 3 years

3 to 4 years

4 to 5 years

> 5 years

	2024	2023
	\$	\$
	491,112	225,350
	3,615,787	1,040,343
	283,922	209,850
	4,390,821	1,475,543
	31,791,387	41,010,766
	31,791,387	41,010,766
	435,200	257,119
	775,034	435,200
	(435,200)	(257,119)
	775,034	435,200
	42,051,109	38,683,456
	(5,168,392)	5,523,162
	(1,475,543)	(2,155,509)
	35,407,174	42,051,109
	3,615,787	1,040,343
	3,520,900	6,102,880
	28,020,628	26,077,185
	249,859	8,830,701
	0	0
	0	0
	35,407,174	42,051,109

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

MATERIAL ACCOUNTING POLICIES

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.

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

Capital grant/contribution liabilities

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

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

CITY OF KWINANA
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2024

15. BORROWINGS

	Note	2024			2023		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Bank loans		2,340,024	9,012,092	11,352,116	2,208,899	11,383,241	13,592,140
Total secured borrowings	28(a)	2,340,024	9,012,092	11,352,116	2,208,899	11,383,241	13,592,140

Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the City of Kwinana. Other loans relate to transferred receivables. Refer to Note 5.

The City of Kwinana has complied with the financial covenants of its borrowing facilities during the 2024 and 2023 years.

MATERIAL ACCOUNTING POLICIES

Borrowing costs

The City has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierachy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 22.

Details of individual borrowings required by regulations are provided at Note 28(a).

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

16. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2024	2023
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	2,252,532	2,002,461
Long service leave	2,457,334	2,331,217
Other employee leave provisions	66,251	44,539
Other leave provisions	511,007	435,052
	5,287,124	4,813,269
Total current employee related provisions	5,287,124	4,813,269
Non-current provisions		
Employee benefit provisions		
Long service leave	264,239	618,902
	264,239	618,902
Total non-current employee related provisions	264,239	618,902
Total employee related provisions	5,551,363	5,432,171

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

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

	Note	2024	2023
		\$	\$
Amounts are expected to be settled on the following basis:			
Less than 12 months after the reporting date		5,287,124	4,813,269
More than 12 months from reporting date		264,239	618,902
		5,551,363	5,432,171
Expected reimbursements of employee related provisions from other WA local governments included within other receivables	5	20,545	0

MATERIAL ACCOUNTING POLICIES

Employee benefits

The City's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

Short-term employee benefits

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

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

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

17. REVALUATION SURPLUS

	2024 Opening Balance	Total Movement on Revaluation	2024 Closing Balance	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	48,068,145	0	48,068,145	37,847,644	10,220,501	48,068,145
Revaluation surplus - Buildings - non-specialised	64,334,061	0	64,334,061	35,970,755	28,363,306	64,334,061
Revaluation surplus - Furniture and equipment	257,497	0	257,497	257,497	0	257,497
Revaluation surplus - Plant and equipment	1,954,408	0	1,954,408	1,954,408	0	1,954,408
Revaluation surplus - Infrastructure - roads	250,471,296	0	250,471,296	250,471,296	0	250,471,296
Revaluation surplus - Infrastructure - footpaths	13,164,155	0	13,164,155	13,164,155	0	13,164,155
Revaluation surplus - Infrastructure - drainage	84,384,960	0	84,384,960	84,384,960	0	84,384,960
Revaluation surplus - Infrastructure - parks and ovals	29,719,785	60,468,319	90,188,104	29,719,785	0	29,719,785
Revaluation surplus - Infrastructure - other	1,294,151	344,843	1,638,994	1,294,151	0	1,294,151
Revaluation surplus - Infrastructure - carparks	9,178,766	0	9,178,766	9,178,766	0	9,178,766
Revaluation surplus - Infrastructure - bus shelters	644,180	0	644,180	644,180	0	644,180
Revaluation surplus - Infrastructure - street lights	1,318,543	0	1,318,543	1,318,543	0	1,318,543
	504,789,947	60,813,162	565,603,109	466,206,140	38,583,807	504,789,947

The movement in the revaluation surplus for infrastructure parks and ovals and infrastructure other relates to a revaluation. Refer to Note 8(a).

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

18. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	Note	2024 Actual \$	2023 Actual \$
Cash and cash equivalents	3	15,495,322	6,451,840
Restrictions			
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	3	8,347,574	2,868,569
- Financial assets at amortised cost	4	62,701,039	69,433,846
		71,048,613	72,302,415
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	29	68,077,207	69,260,960
Contract liabilities	14	775,034	435,200
Capital grant liabilities	14	35,407,174	42,051,109
Deposits and bonds held		2,687,484	2,831,605
Less contract and other liabilities - reserved backed		(35,898,286)	(42,276,459)
Total restricted financial assets		71,048,613	72,302,415

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

Net result	(1,937,044)	7,430,887
Non-cash items:		
Adjustments to fair value of financial assets at fair value through profit or loss	(1,189,619)	(410,264)
Adjustments to fair value of investment property	0	(442,000)
Depreciation/amortisation	22,857,486	18,802,447
(Profit)/loss on sale of asset	1,516,907	2,790,902
Contributed assets	(9,815,228)	(13,931,864)
Impairment of plant and equipment	0	0
Assets received for substantially less than fair value	12,521,116	0
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	418,888	(329,031)
(Increase)/decrease in other assets	(918,992)	(1,320,273)
Increase/(decrease) in trade and other payables	9,478,863	1,440,903
Increase/(decrease) in employee related provisions	119,192	(316,521)
Increase/(decrease) in other liabilities	(6,304,101)	3,545,734
Capital grants, subsidies and contributions	(19,305,626)	(3,921,805)
Net cash provided by/(used in) operating activities	7,441,842	13,339,115

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	100,000	100,000
Credit card balance at balance date	(46,854)	(37,743)
Total amount of credit unused	53,146	62,257

Loan facilities

Loan facilities - current	2,340,024	2,208,899
Loan facilities - non-current	9,012,092	11,383,241
Total facilities in use at balance date	11,352,116	13,592,140

Unused loan facilities at balance date	NIL	NIL
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CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

19. CONTINGENT LIABILITIES

The City did not have any contingent liabilities as at 30 June 2024.
The City is currently monitoring the following potentially contaminated sites under their Contaminated Sites Management Plan :

- Peace Park -the site has been assessed as residual low risk.
- Kwinana Golf Course - the site has been assessed as residual low risk.
- Banksia Road (Reserve R24784) - the site has been assessed as residual low risk.

The above sites have been reported to Department of Water and Environmental Regulation. As the obligation and cost to remediate the sites remain uncertain and is not expected to be material, the City has not recognised a liability as at 30 June 2024.

20. CAPITAL COMMITMENTS

- Contracted for:
- capital expenditure projects
 - plant & equipment purchases
- Payable:
- not later than one year

2024	2023
\$	\$
203,023	2,329,858
59,281	300,817
262,304	2,630,675
262,304	2,630,675

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

21. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
Mayor's annual allowance	93,380	93,380	91,997
Mayor's meeting attendance fees	49,435	49,435	48,704
Mayor's other expenses	0	1,125	772
Mayor's annual allowance for ICT expenses	1,948	3,500	3,065
Mayor's travel and accommodation expenses	0	750	746
	144,763	148,190	145,284
Deputy Mayor's annual allowance	22,843	23,345	22,999
Deputy Mayor's meeting attendance fees	32,074	32,960	32,470
Deputy Mayor's other expenses	0	1,125	0
Deputy Mayor's annual allowance for ICT expenses	4,958	3,500	3,065
Deputy Mayor's travel and accommodation expenses	0	750	0
	59,875	61,680	58,534
All other council member's meeting attendance fees	221,506	197,760	194,820
All other council member's All other council member expenses	0	6,750	0
All other council member's annual allowance for ICT expenses	23,521	21,000	18,390
All other council member's travel and accommodation expenses	0	4,500	0
	245,027	230,010	213,210
21(b)	449,665	439,880	417,028

(b) Key Management Personnel (KMP) Compensation

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

Short-term employee benefits	1,036,664	990,165
Post-employment benefits	130,494	109,958
Employee - other long-term benefits	24,967	23,373
Council member costs	449,665	417,028
21(a)	1,641,790	1,540,524

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Council member costs

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

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

21. RELATED PARTY TRANSACTIONS

Transactions with related parties

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

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

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

	2024 Actual \$	2023 Actual \$
Sale of goods and services	61,283	111,080
Purchase of goods and services	3,981	32,546
Amounts outstanding from related parties:		
Trade and other receivables	4,051	400
Amounts payable to related parties:		
Trade and other payables	2,000	0

Related Parties

The City's main related parties are as follows:

- i. Key management personnel*
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the City, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 21(a) and 21(b).
- ii. Other Related Parties*
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.

An associate person of KMP was employed by the City under normal employment terms and conditions.
- iii. Entities subject to significant influence by the City*
There were no such entities requiring disclosure during the current or previous year.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2024					
Cash and cash equivalents	4.29%	15,495,322	0	15,491,717	3,605
Financial assets at amortised cost - term deposits	5.11%	62,701,039	62,701,039	0	0
2023					
Cash and cash equivalents	4.12%	6,451,840	0	6,448,435	3,405
Financial assets at amortised cost - term deposits	4.54%	69,433,846	69,433,846	0	0

Sensitivity

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

	2024	2023
	\$	\$
Impact of a 1% movement in interest rates on profit or loss and equity*	781,964	758,857

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The City does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 28(a).

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

The expected loss rates are based on the payment profiles of trade and other receivables over a period of 36 months before 1 July 2023 or 1 July 2024 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of users to settle the receivables.

The loss allowance as at 30 June 2024 and 30 June 2023 was determined as follows for trade and other receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2024					
Trade receivables					
Expected credit loss	0.12%	5.90%	1.29%	17.22%	
Gross carrying amount	731,564	20,748	142,885	339,846	1,235,043
Loss allowance	909	1,225	1,848	58,528	62,510
Other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	0	2,249,793	0	0	2,249,793
Loss allowance	0	0	0	0	0
30 June 2023					
Trade receivables					
Expected credit loss	0.21%	39.77%	0.00%	22.82%	
Gross carrying amount	1,670,764	2,577	6,112	373,113	2,052,566
Loss allowance	3,550	1,025	0	85,135	89,710
Rates and statutory receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	0	1,898,345	0	0	1,898,345
Loss allowance	0	0	0	0	0

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

The loss allowances for trade, other receivables and contract assets as at 30 June reconcile to the opening loss allowances as follows:

	Trade receivables		Other receivables		Contract Assets	
	2024 Actual	2023 Actual	2024 Actual	2023 Actual	2024 Actual	2023 Actual
Opening loss allowance as at 1 July	\$ 89,710	\$ 112,125	\$ 0	0	\$ 0	0
Increase in loss allowance recognised in profit or loss during the year	0	0	0	0	0	0
Receivables written off during the year as uncollectible	0	0	0	0	0	0
Unused amount reversed	(27,199)	(22,415)	0	0	0	0
Closing loss allowance at 30 June	62,511	89,710	0	0	0	0

Trade, other receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the City, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on rates and statutory receivables, trade, other receivables and contract assets are presented as net impairment losses within other expenditure. Subsequent recoveries of amounts previously written off are credited against the same line item.

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.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

22. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 18(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
2024	\$	\$	\$	\$	\$
Trade and other payables	35,456,113	0	0	35,456,113	35,456,113
Borrowings	2,340,024	8,427,147	584,945	11,352,116	11,352,116
Contract liabilities	775,034	0	0	775,034	775,034
Other liabilities	3,615,787	31,791,387	0	35,407,174	35,407,174
Lease liabilities	103,810	5,386	0	109,196	109,196
	42,290,768	40,223,920	584,945	83,099,633	83,099,633
2023					
Trade and other payables	25,977,250	0	0	25,977,250	25,977,250
Borrowings	2,208,899	9,868,643	1,514,598	13,592,140	13,592,140
Contract liabilities	435,200	0	0	435,200	435,200
Other liabilities	1,040,343	41,010,766	0	42,051,109	42,051,109
Lease liabilities	146,163	105,667	0	251,830	251,830
	29,807,855	50,985,076	1,514,598	82,307,529	82,307,529

**CITY OF KWINANA
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FOR THE YEAR ENDED 30 JUNE 2024**

23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No subsequent significant events have occurred.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

24. OTHER MATERIAL ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

In accordance with Australian Accounting Standards the City's 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 except for non-financial assets that are:

- land and buildings classified as property, plant and equipment;
- infrastructure; or
- vested improvements that the local government controls, in circumstances where there has been an impairment indication of a general decrease in asset values.

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 9.

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 *Property, Plant and Equipment*) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

**CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

25. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

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

Objective	Description
Governance	
To provide a decision making process for the efficient allocation of scarce resources.	Members of Council & Governance (includes Audit & other costs associated with reporting to council). Administration, Financial and Information Technology Services are included.
Law, order, public safety	
To provide services to help ensure a safer and environmentally conscious community.	Supervision of various local laws, fire prevention and animal control.
Health	
To provide an operational framework for environmental and community health.	Prevention and treatment of human illnesses, including inspection of premises/food control, immunisation and child health services.
Education and welfare	
To provide services to disadvantaged persons, the elderly, children and youth.	Provision, management and support of services for families, children and the aged and disabled within the community; including pre-school playgroups, day and after school care, assistance to schools, and senior citizens support groups.
Community amenities	
To provide services required by the community.	City planning and development, rubbish collection services, storm water 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 centre, recreation and community centres, parks, gardens, sports grounds and the operation of Libraries.
Transport	
To provide safe, effective and efficient transport services to the community.	Construction, maintenance and cleaning of streets, roads, bridges, drainage works, footpaths, parking facilities, traffic signs and the City depot, including plant purchase and maintenance.
Economic services	
To help promote the City and its economic wellbeing.	Tourism and area promotion, rural services and pest control and the implementation of building controls.
Other property and services	
To monitor and control the City's overhead operating accounts.	Private works, public works overheads, City plant operations, materials, salaries and wages. With the exception of private works, the above activities listed are mainly summaries of costs that are allocated to all works and services undertaken by the City.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

25. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2024 Actual \$	2023 Actual \$
Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions		
Governance	2,573,093	1,476,184
General purpose funding	50,491,588	46,422,373
Law, order, public safety	229,645	183,112
Health	172,961	152,911
Education and welfare	2,259,336	1,644,979
Community amenities	3,087,137	2,305,317
Recreation and culture	4,576,119	3,761,394
Economic services	475,339	20,054
Other property and services	9,411,470	8,313,066
	73,276,688	64,279,390
Grants, subsidies and contributions and capital grants, subsidies and contributions		
Governance	2,179,986	2,921,247
Law, order, public safety	215,542	2,179,611
Health	37,249	28,092
Education and welfare	666,513	1,700,252
Community amenities	1,172,379	1,368,092
Recreation and culture	2,411,624	3,316,379
Transport	11,109,329	13,215,921
Other property and services	9,393	0
	17,802,015	24,729,594
Total Income	91,078,703	89,008,984
Expenses		
Governance	(3,121,905)	(2,135,497)
General purpose funding	(997,679)	(1,341,183)
Law, order, public safety	(3,441,679)	(3,402,527)
Health	(1,179,089)	(1,077,854)
Education and welfare	(11,535,213)	(8,256,075)
Community amenities	(8,799,073)	(7,744,832)
Recreation and culture	(34,807,295)	(28,881,319)
Transport	(16,776,302)	(17,627,588)
Economic services	(680,133)	(536,708)
Other property and services	(11,677,379)	(10,574,514)
Total expenses	(93,015,747)	(81,578,097)
Net result for the period	(1,937,044)	7,430,887

(c) Total Assets

Governance	92,849,124	96,216,110
General purpose funding	0	3,509
Law, order, public safety	1,997,510	2,312,137
Health	65,060	75,288
Education and welfare	37,680,141	34,996,314
Community amenities	85,056,086	119,282,713
Recreation and culture	198,278,605	140,543,509
Transport	477,813,905	440,121,097
Economic services	51,422,343	51,948,569
Other property and services	4,897,447	4,773,561
	950,060,221	890,272,807

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

26. RATING INFORMATION

(a) General Rates

RATE TYPE		Rate in \$	Number of Properties	2023/24 Actual Rateable Value*	2023/24 Actual Rate Revenue	2023/24 Actual Interim Rates	2023/24 Actual Total Revenue	2023/24 Budget Rate Revenue	2023/24 Budget Interim Rate	2023/24 Budget Total Revenue	2022/23 Actual Total Revenue
Rate Description	Basis of valuation										
Improved Residential	Gross rental valuation	0.08489	16,088	308,273,044	25,076,972	884,843	25,961,815	25,078,871	800,006	25,878,877	21,758,028
Improved Commercial & Industrial	Gross rental valuation	0.10237	529	137,441,647	12,951,152	1,107,619	14,058,771	12,626,259	0	12,626,259	11,838,704
Vacant	Gross rental valuation	0.18630	541	10,896,810	2,219,514	(188,589)	2,030,925	2,214,464	0	2,214,464	0
General Industrial	Unimproved valuation	0.01947	3	124,000,000	2,414,280	0	2,414,280	2,414,280	0	2,414,280	2,317,344
Mining and Industrial	Unimproved valuation	0.00902	29	54,017,000	474,687	(19,779)	454,908	474,687	0	474,687	453,450
Rural	Unimproved valuation	0.00507	126	214,885,000	1,085,360	36,226	1,121,586	1,187,166	0	1,187,166	1,277,113
Improved Specialised Residential	Gross rental valuation	0	0	0	0	0	0	0	0	0	1,694,545
Vacant Residential	Gross rental valuation	0	0	0	0	0	0	0	0	0	1,118,858
Vacant Non Residential	Gross rental valuation	0	0	0	0	0	0	0	0	0	865,979
Total general rates			17,316	849,513,501	44,221,965	1,820,320	46,042,285	43,995,727	800,006	44,795,733	41,324,021
Minimum payment											
Improved Residential	Gross rental valuation	1,173	2,051	25,575,604	2,409,342	(3,125)	2,406,217	2,409,342	0	2,409,342	2,788,160
Improved Commercial & Industrial	Gross rental valuation	1,528	64	614,289	96,264	250	96,514	0	0	0	95,041
Vacant	Gross rental valuation	1,173	808	3,940,185	1,218,747	(248,826)	969,921	97,792	0	97,792	0
General Industrial	Unimproved valuation	1,528	0	0	0	0	0	1,219,920	0	1,219,920	0
Mining and Industrial	Unimproved valuation	1,528	14	120,288	21,392	(664)	20,728	21,392	0	21,392	17,592
Rural	Unimproved valuation	1,173	10	1,051,700	14,076	(1,755)	12,321	14,076	0	14,076	15,906
Improved Specialised Residential	Gross rental valuation	0	0	0	0	0	0	0	0	0	4,504
Vacant Residential	Gross rental valuation	0	0	0	0	0	0	0	0	0	1,161,885
Vacant Non Residential	Gross rental valuation	0	0	0	0	0	0	0	0	0	23,646
Total minimum payments			2,947	31,302,066	3,759,821	(254,120)	3,505,701	3,762,522	0	3,762,522	4,106,734
Total general rates and minimum payments			20,263	880,815,567	47,981,786	1,566,200	49,547,986	47,758,249	800,006	48,558,255	45,430,755
Ex-gratia Rates											
Dampier to Bunbury Natural Gas Pipeline Corridor					239,160		239,160	175,000		175,000	227,953
Total amount raised from rates (excluding general rates)			0	0	239,160	0	239,160	175,000	0	175,000	227,953
Total Rates							49,787,146			48,733,255	45,658,708
Rate instalment interest							214,243			190,000	193,278
Rate overdue interest							172,578			189,743	175,834

The rate revenue was recognised from the rate record as soon as practicable after the City resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

*Rateable Value at time of raising of rate.

CITY OF KWINANA
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FOR THE YEAR ENDED 30 JUNE 2024

27. DETERMINATION OF SURPLUS OR DEFICIT

		2023/24 (30 June 2024 Carried Forward)	2023/24 Budget (30 June 2024 Carried Forward)	2023/24 (1 July 2023 Brought Forward)	2022/23 (30 June 2023 Carried Forward)
	Note	\$	\$	\$	\$
(a) Non-cash amounts excluded from operating activities					
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .					
Adjustments to operating activities					
Less: Profit on asset disposals		(578,823)	(43,537)	(132,518)	(132,518)
Less: Movement in liabilities associated with restricted cash		265,762		175,704	175,704
Less: Fair value adjustments to financial assets at fair value through profit or loss		(1,189,619)		(410,264)	(410,264)
Add: Loss on disposal of assets		2,095,730	108,836	2,923,420	2,923,420
Add: Impairment of Plant and Equipment	7(a)	0	0		0
Add: Depreciation	9(a)	22,857,486	18,086,055	18,802,447	18,802,447
Non-cash movements in non-current assets and liabilities:					
Investment property	11	0	0	(442,000)	(442,000)
Pensioner deferred rates		(19,986)		(63,507)	(63,507)
Employee benefit provisions		119,192		(316,521)	(316,521)
Other provisions		5,975,858		2,179,975	2,179,975
Non-cash amounts excluded from operating activities		29,525,600	18,151,354	22,716,736	22,716,736
(b) Non-cash amounts excluded from investing activities					
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .					
Adjustments to investing activities					
Movement in non-current capital grant/contribution liability		(9,219,379)	500,000	4,682,845	4,682,845
Movement in current unspent non-operating grants associated with restricted cash		2,535,110	(294,380)	(1,406,501)	(1,406,501)
Non-cash amounts excluded from investing activities		(6,684,269)	205,620	3,276,344	3,276,344
(c) Surplus or deficit after imposition of general rates					
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.					
Adjustments to net current assets					
Less: Reserve accounts	29	(68,077,207)	(65,093,996)	(69,260,960)	(69,260,960)
Less: Financial assets at amortised cost - self supporting loans	4(a)	(19,700)	(19,062)	(19,062)	(19,062)
Less: Financial assets at amortised cost					
Less: Current assets not expected to be received at end of year					
- Land held for resale	6	(1,012,000)	0	0	0
-Banksia Park DMF receivable		(327,464)	(252,000)	(276,305)	(276,305)
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings	15	2,340,024	2,240,025	2,208,899	2,208,899
- Current portion of unspent non-operating grants, subsidies and contributions held in reserve		3,484,145	1,219,912	949,034	949,034
- Current portion of contract liability held in reserve		491,112	131,041	225,350	225,350
- Current portion of lease liabilities	10(b)	103,810	112,840	146,163	146,163
- Banksia Park unit contribution		24,255,833	17,183,145	18,279,975	18,279,975
- Employee benefit provisions		5,287,124	5,289,045	4,813,269	4,813,269
Total adjustments to net current assets		(33,474,323)	(39,189,050)	(42,933,637)	(42,933,637)
Net current assets used in the Statement of Financial Activity					
Total current assets		85,724,628	68,765,089	81,870,038	81,870,038
Less: Total current liabilities		(47,577,892)	(29,576,039)	(34,621,124)	(34,621,124)
Less: Total adjustments to net current assets		(33,474,323)	(39,189,050)	(42,933,637)	(42,933,637)
Surplus or deficit after imposition of general rates		4,672,413	0	4,315,277	4,315,277

CITY OF KWINANA
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28. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual				Budget			
		Principal at 1 July	New Loans	Principal Repayments	Principal at 30 June 2023	New Loans	Principal Repayments	Principal at 30 June 2024	Principal at 30 June 2024
		2022	During 2022-23	During 2022-23		During 2023-24	During 2023-24		
		\$	\$	\$	\$	\$	\$	\$	\$
Governance									0
Loan 99 - Administration Building Renovation		366,820		(114,830)	251,990		(122,119)	129,871	251,989
Education and welfare									0
Loan 96 - Youth Specific Space		34,092		(34,092)	0		0	0	0
Loan 100 - Youth Specific Space		995,415		(147,361)	848,054		(154,323)	693,731	848,055
Recreation and culture									0
Loan 95 - Orelia Oval Pavilion		81,823		(81,823)	0		0	0	0
Loan 97 - Orelia Oval Pavilion Extension		811,667		(254,086)	557,581		(270,214)	287,367	557,582
Loan 102 - Library & Resource Centre		5,533,287		(688,094)	4,845,193		(719,683)	4,125,510	4,845,196
Loan 104 - Recquatic Refurbishment		2,782,935		(301,048)	2,481,887		(313,364)	2,168,523	2,481,887
Loan 105 - Bertram Community Centre		1,040,511		(120,055)	920,456		(124,005)	796,451	920,457
Loan 106 - Destination Park - Calista		1,113,448		(108,868)	1,004,580		(112,313)	892,267	1,004,580
Transport									0
Loan 98 - Streetscape Beautification		495,207		(155,020)	340,187		(164,864)	175,323	340,188
Loan 101B - City Centre Redevelopment		2,382,715		(236,916)	2,145,799		(240,078)	1,905,721	2,145,800
Total		15,637,920	0	(2,242,193)	13,395,727	0	(2,220,963)	11,174,764	13,395,734
Self Supporting Loans									0
Recreation and culture									0
Loan 103B - Golf Club Refurbishment		214,857		(18,444)	196,413		(19,061)	177,352	196,413
Total Self Supporting Loans		214,857	0	(18,444)	196,413	0	(19,061)	177,352	196,413
Total Borrowings	15	15,852,777	0	(2,260,637)	13,592,140	0	(2,240,024)	11,352,116	13,592,147

Self supporting loans are financed by payments from third parties. These are shown in Note 4 as other financial assets at amortised cost.
All other loan repayments were financed by general purpose revenue.

Borrowing Finance Cost Payments

Purpose	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2024	Budget for year ending 30 June 2024	Actual for year ending 30 June 2023
					\$	\$	\$
Governance							
Loan 99 - Administration Building Renovation	99	WATC	6.35%	25/06/2025	(15,789)	(15,914)	(23,783)
Education and welfare							
Loan 96 - Youth Specific Space	96	WATC	7.53%	19/06/2023	0	0	(2,135)
Loan 100 - Youth Specific Space	100	WATC	4.72%	25/06/2028	(43,645)	(43,763)	(51,495)
Recreation and culture							
Loan 95 - Orelia Oval Pavilion	95	WATC	7.53%	19/06/2023	0	0	(5,125)
Loan 97 - Orelia Oval Pavilion Extension	97	WATC	6.35%	25/06/2025	(34,937)	(35,214)	(52,625)
Loan 102 - Library & Resource Centre	102	WATC	4.59%	25/06/2029	(244,646)	(245,182)	(280,365)
Loan 104 - Recquatic Refurbishment	104	WATC	4.09%	26/06/2030	(114,051)	(114,225)	(128,462)
Loan 105 - Bertram Community Centre	105	WATC	3.29%	27/03/2030	(34,523)	(34,566)	(39,187)

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28. BORROWING AND LEASE LIABILITIES (Continued)

Purpose	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2024	Budget for year ending 30 June 2024	Actual for year ending 30 June 2023
Transport							
Loan 98 - Streetscape Beautification	98	WATC	6.35%	25/06/2025	(21,316)	(21,484)	(32,107)
Loan 101B - City Centre Redevelopment	101B	WATC	1.33%	7/06/2032	(41,130)	(41,954)	(45,933)
Total					(550,037)	(552,302)	(661,217)
Self Supporting Loans Finance Cost Payments							
Recreation and culture							
Loan 103B - Golf Club Refurbishment	103B	WATC	3.35%	7/06/2032	(7,659)	0	(8,405)
Total Self Supporting Loans Finance Cost Payments					(7,659)	0	(8,405)
Total Finance Cost Payments					(557,696)	(552,302)	(669,622)

* WA Treasury Corporation

28. BORROWING AND LEASE LIABILITIES (Continued)

(b) Lease Liabilities

Purpose	Note	Actual							Budget			
		Principal at 1 July 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	New Leases During 2023-24	Principal Repayments During 2023-24	Principal at 30 June 2024	Principal at 1 July 2023	New Leases During 2023-24	Principal Repayments During 2023-24	Principal at 30 June 2024
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ELB 4x Proline84 Interactive		2,671		(2,671)	0			0				0
Kyocera Equipment		4,011		(4,011)	0			0	0			0
Photocopier/Printers		26,363		(11,301)	15,062		(11,506)	3,556	12,205		(11,558)	647
Kodak Scanners		9,828		(6,130)	3,698		(3,696)	2	3,696		(3,696)	0
Vehicle Lease - Youth		24,246		(6,661)	17,585		(6,748)	10,837	17,037		(6,745)	10,292
Gym equipment		311,181		(112,125)	199,056		(113,273)	85,783	198,984		(85,423)	113,561
Nilfisk floor scrubber		2,989		(2,989)	0			0	0		0	0
Columbus Floor Scrubber		0	22,388	(5,959)	16,429		(7,411)	9,018	20,353		(5,418)	14,935
Total Lease Liabilities	10(b)	381,289	22,388	(151,847)	251,830	0	(142,634)	109,196	252,275	0	(112,840)	139,435

Lease Finance Cost Payments

					Actual for year ending 30 June 2024	Budget for year ending 30 June 2024	Actual for year ending 30 June 2023	Lease Term
Purpose	Lease Number	Institution	Interest Rate	Date final payment is due				
					\$	\$	\$	
Other Property & Services								
ELB 4x Proline84 Interactive Kyocera Equipment Photocopier/Printers	E6N0160185	All Leasing	2.00%	Jun-22		0	(13)	20
	5389066248AUS1	Kyocera	3.70%	Jun-22		0	(18)	48
	E6N0162743	Maia	1.80%	Oct-24	(194)	(22)	(399)	60
Kodak Scanners	5389066248AUS3	HP Financial Services	4.17%	Feb-24	(51)	(32)	(294)	36
Education and welfare								
Vehicle Lease - Youth	1HFE114	Toyota Finance	2.20%	Jan-26	(181)	(62)	(268)	60
Recreation and culture								
Gym equipment	E6N0163618-1	Maia	2.79%	Jun-25	(1,593)	(66)	(2,739)	48
Niifisk floor scrubber	3510183300688	Niifisk	1.70%	Dec-22	0	0	(13)	36
Columbus Floor Scrubber	C12528	Abco	3.90%	Sep-25	(509)	(87)	(641)	36
Total Finance Cost Payments					(2,528)	(269)	(4,385)	

CITY OF KWINANA
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29. RESERVE ACCOUNTS

	2024 Actual Opening Balance	2024 Actual Transfer to	2024 Actual Transfer (from)	2024 Actual Closing Balance	2024 Budget Opening Balance	2024 Budget Transfer to	2024 Budget Transfer (from)	2024 Budget Closing Balance	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by legislation/agreement												
(a) Public Open Space	332,381	17,429	0	349,810	329,945	11,260	(103,500)	237,705	322,116	10,265	0	332,381
(b) DCA 1 - Hard Infrastructure - Bertram	1,957,275	1,057,175	(53,446)	2,961,004	2,104,048	120,295	(21,725)	2,202,618	1,455,446	524,812	(22,983)	1,957,275
(c) DCA 2 - Hard Infrastructure - Wellard	1,792,021	89,685	(47,879)	1,833,827	1,750,232	131,685	(15,125)	1,866,792	1,727,291	64,730	0	1,792,021
(d) DCA 3 - Hard Infrastructure - Casuarina	93,041	3,376	(24,288)	72,129	85,860	60,533	(15,125)	131,268	0	101,472	(8,431)	93,041
(e) DCA 4 - Hard Infrastructure - Anketell	2,762,854	514,852	(744,320)	2,533,386	2,124,076	143,721	(15,125)	2,252,672	2,029,391	746,553	(13,090)	2,762,854
(f) DCA 5 - Hard Infrastructure - Wandi	2,220,210	1,001,044	(48,505)	3,172,749	2,215,223	136,867	(15,125)	2,336,965	1,858,310	378,639	(16,739)	2,220,210
(g) DCA 6 - Hard Infrastructure - Mandogalup	5,868,792	3,755,082	(21,686)	9,602,188	5,554,826	220,723	(15,125)	5,760,424	3,912,474	1,969,408	(13,090)	5,868,792
(h) DCA 7 - Hard Infrastructure - Wellard West	105,060	61,985	(13,648)	153,397	108,061	63,749	(15,125)	156,685	78,403	32,058	(5,401)	105,060
(i) DCA 8 - Soft Infrastructure - Mandogalup	4,161,798	1,054,515	(2,750,047)	2,466,266	3,886,999	181,531	(15,125)	4,053,405	2,953,940	1,220,032	(12,174)	4,161,798
(j) DCA 9 - Soft Infrastructure - Wandi/Anketell	11,489,948	3,218,671	(5,339,270)	9,369,349	11,241,548	637,685	(24,875)	11,854,358	11,832,279	696,592	(1,038,923)	11,489,948
(k) DCA 10 - Soft Infrastructure - Casuarina/Ank	176,830	78,781	(60,295)	195,316	173,578	68,013	(15,125)	226,466	182,425	6,579	(12,174)	176,830
(l) DCA 11 - Soft Infrastructure - Wellard East	6,060,058	393,156	(3,947,955)	2,505,259	5,968,997	301,769	(15,125)	6,255,641	5,862,384	210,381	(12,707)	6,060,058
(m) DCA 12 - Soft Infrastructure - Wellard West	11,312,966	995,048	(2,915,892)	9,392,122	11,370,728	491,015	(225,137)	11,636,606	10,466,540	880,755	(34,329)	11,312,966
(n) DCA 13 - Soft Infrastructure - Bertram	251,563	10,686	(19,612)	242,637	247,980	70,973	(15,125)	303,828	254,648	9,089	(12,174)	251,563
(o) DCA 14 - Soft Infrastructure - Wellard/Leda	998,967	103,331	(509,898)	592,400	916,107	97,557	(15,125)	998,539	903,394	107,747	(12,174)	998,967
(p) DCA 15 - Soft Infrastructure - City Site	333,576	106,844	(195,937)	244,483	322,864	73,877	(15,125)	381,616	325,573	20,177	(12,174)	333,576
	49,917,340	12,461,660	(16,692,678)	45,686,322	48,401,072	2,811,253	(556,737)	50,655,588	44,164,614	6,979,289	(1,226,563)	49,917,340
Restricted by council												
(q) Aged Persons Units Reserve	821,480	41,941	(86,357)	777,064	775,069	222,447	(190,000)	807,516	845,042	30,795	(54,357)	821,480
(r) Asset Management Reserve	2,966,022	3,268,202	(1,349,188)	4,885,036	2,198,759	1,258,025	(1,370,052)	2,086,732	4,617,622	2,176,486	(3,828,086)	2,966,022
(s) Banksia Park Reserve	331,297	136,051	0	467,348	209,946	81,409	(90,000)	201,355	244,242	87,055	0	331,297
(t) City Infrastructure Reserve	981,731	11,745	(709,641)	283,835	966,351	33,118	(957,120)	42,349	941,685	40,046	0	981,731
(u) Community Services & Emergency Relief Re	344,018	18,084		362,102	336,774	11,620	0	348,394	335,592	10,926	(2,500)	344,018
(v) Contiguous Local Authorities Group Reserve	266,109	50,764	(41,749)	275,124	268,196	38,496	(77,500)	229,192	270,117	34,128	(38,136)	266,109
(w) Employee Leave Reserve	2,955,674	156,278	0	3,111,952	2,656,458	103,496	0	2,759,954	2,955,674	0	0	2,955,674
(x) Employee Vacancy Reserve	876,684	41,395	(353,244)	564,835	872,827	17,690	(353,244)	537,273	504,797	371,887	0	876,684
(y) Family Day Care Reserve	0	0	0	0	9,889	0	0	9,889	0	9,889	(9,889)	0
(z) Golf Course Cottage Reserve	30,779	1,616	0	32,395	30,552	1,040	0	31,592	29,683	1,096	0	30,779
({) Golf Club Maintenance Reserve	31,197	6,596	0	37,793	27,826	602	0	28,428	27,182	5,851	(1,836)	31,197
(l) Information Technology Reserve	409,660	836,833	(689,680)	556,813	408,430	538,802	(689,680)	257,552	94,523	1,017,225	(702,088)	409,660
(j) Plant and Equipment Replacement Reserve	992,590	1,179,368	(1,050,668)	1,121,290	896,780	680,690	(1,396,082)	181,388	593,785	1,767,143	(1,368,338)	992,590
(~) Public Art Reserve	366,712	81,027	0	447,739	306,947	10,516	(250,000)	67,463	300,420	66,292	0	366,712
(∩) Refuse Reserve	5,241,136	663,176	0	5,904,312	5,230,772	176,228	(48,558)	5,358,442	5,379,038	0	(137,902)	5,241,136
(€) Renewable Energy Efficiency Reserve	87,480	3,968	(27,940)	63,508	86,870	1,474	(16,000)	72,344	51,096	50,929	(14,545)	87,480

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29 RESERVE ACCOUNTS (continued)

	2024 Actual Opening Balance	2024 Actual Transfer to	2024 Actual Transfer (from)	2024 Actual Closing Balance	2024 Budget Opening Balance	2024 Budget Transfer to	2024 Budget Transfer (from)	2024 Budget Closing Balance	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(i) Restricted Grants & Contributions Reserve	1,386,295	685,290	(1,106,517)	965,068	951,405	0	(896,525)	54,880	2,182,900	575,321	(1,371,926)	1,386,295
(.) Settlement Agreement Reserve	307,428	8,471	0	315,899	141,383	5,938	0	147,321	169,350	169,654	(31,576)	307,428
(f) Strategic Property Reserve	474,039	488,754	0	962,793	455,369	17,296	(270,000)	202,665	455,369	18,670	0	474,039
(„) Workers Compensation Reserve	473,289	245,816	(113,604)	605,501	686,976	19,324	(224,286)	482,014	552,446	142,674	(221,831)	473,289
(...) Strategic Initiative Reserve	0	485,853	(9,975)	475,878	0	359,165	(20,000)	339,165	0	0	0	0
(†) Election Expense Reserve	0	88,643	0	88,643	0	82,500	0	82,500	0	0	0	0
(‡) Valuation Expense Reserve	0	85,957	0	85,957	0	110,000	0	110,000	0	0	0	0
	19,343,620	8,585,828	(5,538,563)	22,390,885	17,517,579	3,769,876	(6,849,047)	14,438,408	20,550,563	6,576,067	(7,783,010)	19,343,620
	69,260,960	21,047,488	(22,231,241)	68,077,207	65,918,651	6,581,129	(7,405,784)	65,093,996	64,715,177	13,555,356	(9,009,573)	69,260,960

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

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

Name of reserve account	Purpose of the reserve account
Restricted by legislation/agreement	
(a) Public Open Space	to be used to restrict funds that have been paid in lieu of open space as specified in the Western Australia Planning and Development Act 2005.
(b) DCA 1 - Hard Infrastructure - Bertram	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 1 - Hard Infrastructure Bertram.
(c) DCA 2 - Hard Infrastructure - Wellard	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 2 - Hard Infrastructure Wellard.
(d) DCA 3 - Hard Infrastructure - Casuarina	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 3 - Hard Infrastructure Casuarina.
(e) DCA 4 - Hard Infrastructure - Anketell	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 4 - Hard Infrastructure Anketell.
(f) DCA 5 - Hard Infrastructure - Wandí	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 5 - Hard Infrastructure Wandí.
(g) DCA 6 - Hard Infrastructure - Mandogalup	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 6 - Hard Infrastructure Mandogalup.
(h) DCA 7 - Hard Infrastructure - Wellard West	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 7 - Hard Infrastructure Mandogalup West.
(i) DCA 8 - Soft Infrastructure - Mandogalup	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 8 - Soft Infrastructure Mandogalup.
(j) DCA 9 - Soft Infrastructure - Wandí/Anketell	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 9 - Soft Infrastructure Wandí/Anketell.
(k) DCA 10 - Soft Infrastructure - Casuarina/Ank	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 10 - Soft Infrastructure Casuarina/Anketell.
(l) DCA 11 - Soft Infrastructure - Wellard East	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 11 - Soft Infrastructure Wellard East.
(m) DCA 12 - Soft Infrastructure - Wellard West	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 12 - Soft Infrastructure Wellard West.
(n) DCA 13 - Soft Infrastructure - Bertram	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 13 - Soft Infrastructure Bertram.
(o) DCA 14 - Soft Infrastructure - Wellard/Leda	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 14 - Soft Infrastructure Wellard/Leda.
(p) DCA 15 - Soft Infrastructure - City Site	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 15 - Soft Infrastructure City Site.
Restricted by council	
(q) Aged Persons Units Reserve	to be used to provide funds for the capital acquisition and maintenance of the Aged Persons Units, Callistemon Court.
(r) Asset Management Reserve	to be used to provide funds for renewal projects for the City's building and infrastructure assets, thereby extending the useful economic life of such assets.
(s) Banksia Park Reserve	to be used to provide funds for the capital acquisitions and maintenance of the Banksia Park Retirement Village.

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29 RESERVE ACCOUNTS (continued)

(t) City Infrastructure Reserve	to be used to fund the City's contributions to community infrastructure projects.
(u) Community Services & Emergency Relief Reserve	to be used to provide funding to alleviate the effect of any disaster within the City of Kwinana boundaries and to provide funds to develop community services.
(v) Contiguous Local Authorities Group Reserve	to be used to restrict funds received for the prevention, control and education of mosquito management.
(w) Employee Leave Reserve	to be used to ensure that adequate funds are available to finance employee leave entitlements.
(x) Employee Vacancy Reserve	to be used to ensure that adequate funds are available to finance employee costs.
(y) Family Day Care Reserve	to be used to provide for the capital acquisitions and maintenance of this facility.
(z) Golf Course Cottage Reserve	to be used to provide funds for the maintenance of this building.
({) Golf Club Maintenance Reserve	to be used to provide funds for the maintenance of this building.
(l) Information Technology Reserve	to be used for the implementation and maintainance of the City's software requirements.
(j) Plant and Equipment Replacement Reserve	to be used to replace existing fleet, plant and other City assets.
(~) Public Art Reserve	to be used to receive monies paid as cash in lieu for public art and the provision of public art expenditure under the Local Planning Policy 5.
(J) Refuse Reserve	to be used to provide funds for the costs and subsidy of Waste Management in the City.
(€) Renewable Energy Efficiency Reserve	to be used to provide funds for renewable energy and water efficiency initiatives.
(□) Restricted Grants & Contributions Reserve	to be used to restrict funds, being city funds, grants and contributions, required to complete projects from prior financial years.
(.) Settlement Agreement Reserve	to be used to provide funds to account for future negotiated settlement agreement payments.
(f) Strategic Property Reserve	to be used to provide funds for future investment opportunities.
(„) Workers Compensation Reserve	to be used to fund workers compensation costs incurred by the City where the maximum contribution amount for a previous year has been reached and there is a claim which remains open and requires the City to pay costs relating to the open claims in the current and future years.
(...) Strategic Initiative Reserve	to be used to provide fund for corporate business plan and strategic initiatives in the City.
(†) Election Expense Reserve	to be used to provide funds for cost of election in the City.
(‡) Valuation Expense Reserve	to be used to provide funds for cost of rate valuation in the City.

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

30. TRUST FUNDS

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

	1 July 2023	Amounts Received	Amounts Paid	30 June 2024
	\$	\$	\$	\$
APU Security Bonds	21,394	0	(580)	20,814
Contiguous Local Authorities Group CLAG	7,680	608	0	8,288
Uncollected Vehicles	20,790	4,548	0	25,338
	49,864	5,156	(580)	54,440

CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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31. CORRECTION OF ERROR

During the year ended 30 June 2024, the following misstatements were identified relating to prior year financial periods. The misstatements have been corrected by restating each of the affected financial statement line items for the prior period.

(a) Correction of recognition of Developer Contributed assets from prior financial years.

The City routinely acquires infrastructure assets as part of its business. Due to the Infrastructure's team's ongoing data cleansing of assets in the Technology One ERP system (implemented 1 July 2022), assets amounting to \$12,521,116 which were transferred to the City prior to 1 July 2023 were not recognised.

As a consequence, the City has determined that:

- Non-operating contributions were understated by \$6,142,577 and \$6,378,539 for the year ended 30 June 2022 and 30 June 2023 respectively;
- Depreciation was understated by \$513,026 and \$297,453 for the year ended 30 June 2022 and 30 June 2023 respectively;
- Infrastructure assets was understated by \$5,629,551 at 1 July 2022 and \$11,710,636 at 30 June 2023.
- Retained surplus was understated by \$5,629,551 at 1 July 2022 and \$11,710,636 at 30 June 2023.

The City has retrospectively applied the corrections and adjustments to the impacted financial statement line items.

The financial impact of this correction of errors is indicated below:

Statement of Financial Position (Extract)	30 June 2023	Increase/ (Decrease)	30 June 2023 (Restated)	01 July 2022	Increase/ (Decrease)	01 July 2022 (Restated)
	\$	\$	\$	\$	\$	\$
Infrastructure	613,099,347	11,710,636	624,809,983	615,006,235	5,629,551	620,635,786
Net assets	790,822,471	11,710,636	802,533,107	750,888,862	5,629,551	756,518,413
Retained earnings	216,771,564	11,710,636	228,482,200	219,967,545	5,629,551	225,597,096
Total equity	790,822,471	11,710,636	802,533,107	750,888,862	5,629,551	756,518,413

Statement of Comprehensive Income (Extract)	2023	Increase/ (Decrease)	2023 (Restated)
	\$	\$	\$
<i>By Nature or Type</i>			
Depreciation	18,504,993	297,454	18,802,447
Capital Grants, subsidies and contribution	12,790,322	6,378,539	19,168,861
Net result for the period	1,349,802	6,081,085	7,430,887

Total comprehensive income for the period	39,933,609	6,081,085	46,014,694
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Statement of Financial Activity (Extract)	2023	Increase/ (Decrease)	2023 (Restated)
	\$	\$	\$
Depreciation	18,504,993	297,454	18,802,447
Non-cash amounts excluded from operating activities	22,419,282	297,454	22,716,736
Amount attributable to operating activities (Note a)	10,978,762	0	10,978,762
Capital grants, subsidies and contributions	12,790,322	6,378,539	19,168,861
Purchase and construction of infrastructure	14,335,258	6,378,539	20,713,797
Amount attributable to investing activities	(2,871,954)	0	(2,871,954)



Auditor General

INDEPENDENT AUDITOR'S REPORT

2024

City of Kwinana

To the Council of the City of Kwinana

Opinion

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

- the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of financial activity for the year then ended
- notes comprising a summary of material 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 2024 and its financial position at the end of that period
- is 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.

Emphasis of Matter – Restatement of comparative figures

I draw attention to Note 31 to the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. My opinion is not modified in respect of this matter.

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 2024, 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 (CEO) of the City is responsible for:

- keeping proper accounts and records
- 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 management 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 ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements, the Office of the Auditor General maintains a comprehensive system of quality management 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 Kwinana for the year ended 30 June 2024 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.

Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
4 December 2024



Administration

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