

Annual Financial Statements 2021/2022



CITY OF KWINANA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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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 WINANA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

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

Signed on the 12th day of December 2022



Chief Executive Officer

Wayne Jack

Name of Chief Executive Officer



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

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
Revenue				
Rates	27(a),2(a)	43,057,672	42,663,528	40,893,364
Operating grants, subsidies and contributions	2(a)	7,199,269	7,101,622	7,501,276
Fees and charges	26(c),2(a)	13,064,811	13,077,409	12,993,197
Service charges	26(c),2(a)	0	0	0
Interest earnings	2(a)	713,719	694,600	780,513
Other revenue	2(a)	2,176,411	448,580	1,234,339
		66,211,882	63,985,739	63,402,689
Expenses				
Employee costs		(28,680,343)	(27,892,254)	(26,492,092)
Materials and contracts		(25,051,640)	(26,127,651)	(24,605,200)
Utility charges		(2,571,352)	(2,712,312)	(2,444,838)
Depreciation	9(a)	(15,717,756)	(16,305,054)	(16,091,943)
Finance costs	2(b)	(838,885)	(834,101)	(965,752)
Insurance		(593,412)	(613,769)	(588,958)
Other expenditure	2(b)	(47,440)	(363,550)	(53,188)
		(73,500,828)	(74,848,691)	(71,241,971)
		(7,288,946)	(10,862,952)	(7,839,282)
Capital grants, subsidies and contributions	2(a)	12,436,230	17,515,755	11,178,233
Profit on asset disposals	9(b)	186,850	1,767	70,922
Loss on asset disposals	9(b)	(5,165)	(37,879)	(13,332)
Fair value adjustments to financial assets at fair value through profit or loss		(628,518)	0	289,114
Loss from diversement from associate	22	(127,220)	0	0
Share of net profit of associates accounted for using the equity method	22	0	0	20,980
Reversal of prior year loss on revaluation of Infrastructure - Street Lights	8(a)	2,780,113	0	0
		14,642,290	17,479,643	11,545,917
Net result for the period	26(b)	7,353,344	6,616,691	3,706,635
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	238,390,872	0	7,791,763
Total other comprehensive income for the period	17	238,390,872	0	7,791,763
Total comprehensive income for the period		245,744,216	6,616,691	11,498,398

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



CITY OF KWINANA
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	NOTE	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	3	10,482,138	6,968,593
Trade and other receivables	5	3,595,676	5,717,945
Other financial assets	4(a)	62,204,865	59,941,739
Other assets	6	507,512	944,913
Assets classified as held for sale	6	0	498,000
TOTAL CURRENT ASSETS		76,790,191	74,071,190
NON-CURRENT ASSETS			
Trade and other receivables	5	907,498	846,399
Other financial assets	4(b)	3,239,795	3,920,502
Investment in associate	22(a)	0	535,835
Property, plant and equipment	7	139,096,047	137,825,552
Infrastructure	8	608,946,293	366,067,324
Right-of-use assets	10(a)	391,339	566,184
Investment property	12	570,000	570,000
Intangible assets	11	4,839,502	1,864,163
TOTAL NON-CURRENT ASSETS		757,990,474	512,195,959
TOTAL ASSETS		834,780,665	586,267,149
CURRENT LIABILITIES			
Trade and other payables	13	24,536,347	22,889,779
Other liabilities	14	2,612,654	6,615,769
Lease liabilities	10(b)	10,110	174,595
Borrowings	15	2,696,235	2,537,530
Employee related provisions	16	5,147,863	5,706,854
TOTAL CURRENT LIABILITIES		35,003,209	37,924,527
NON-CURRENT LIABILITIES			
Other liabilities	14	36,327,921	28,097,678
Lease liabilities	10(b)	371,179	371,179
Borrowings	15	13,156,542	15,851,996
Employee related provisions	16	600,829	445,000
TOTAL NON-CURRENT LIABILITIES		50,456,471	44,765,853
TOTAL LIABILITIES		85,459,680	82,690,380
NET ASSETS		749,320,985	503,576,769
EQUITY			
Retained surplus		218,399,668	213,378,682
Reserve accounts	30	64,715,177	62,382,819
Revaluation surplus	17	466,206,140	227,815,268
TOTAL EQUITY		749,320,985	503,576,769

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

CITY OF KWINANA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2020		216,805,180	55,249,686	220,023,505	492,078,371
Comprehensive income for the period					
Net result for the period		3,706,635	0	0	3,706,635
Other comprehensive income for the period	17	0	0	7,791,763	7,791,763
Total comprehensive income for the period		3,706,635	0	7,791,763	11,498,398
Transfers from reserves	30	7,715,875	(7,715,875)	0	0
Transfers to reserves	30	(14,849,008)	14,849,008	0	0
Balance as at 30 June 2021		213,378,682	62,382,819	227,815,268	503,576,769
Comprehensive income for the period					
Net result for the period		7,353,344	0	0	7,353,344
Other comprehensive income for the period	17	0	0	238,390,872	238,390,872
Total comprehensive income for the period		7,353,344	0	238,390,872	245,744,216
Transfers from reserves	30	12,863,426	(12,863,426)	0	0
Transfers to reserves	30	(15,195,784)	15,195,784	0	0
Balance as at 30 June 2022		218,399,668	64,715,177	466,206,140	749,320,985

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



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

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		43,962,581	43,163,528	40,780,843
Operating grants, subsidies and contributions		8,636,841	6,176,799	6,013,943
Fees and charges		13,048,607	12,914,894	9,956,385
Interest received		713,719	694,600	780,513
Goods and services tax received		(217,238)	0	3,014,253
Other revenue		2,176,411	448,580	1,234,339
		68,320,921	63,398,401	61,780,276
Payments				
Employee costs		(28,156,374)	(27,892,254)	(26,607,740)
Materials and contracts		(23,980,606)	(26,166,496)	(25,184,052)
Utility charges		(2,571,352)	(2,712,312)	(2,473,457)
Finance costs		(838,885)	(834,101)	(967,888)
Insurance paid		(593,412)	(613,769)	(588,958)
Goods and services tax paid		0	0	674,759
Other expenditure		(74,425)	(363,550)	(53,188)
		(56,215,054)	(58,582,482)	(55,200,524)
Net cash provided by (used in) operating activities	18(b)	12,105,867	4,815,919	6,579,752
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	7(a)	(6,359,452)	(8,014,468)	(2,090,914)
Payments for construction of infrastructure		(2,030,912)	(16,806,940)	(4,638,195)
Payments for intangible assets	11	(2,982,430)	(1,407,909)	(1,248,048)
Non-operating grants, subsidies and contributions		6,662,287	15,838,407	10,440,224
Proceeds from financial assets at amortised cost		(2,228,784)	0	0
Proceeds from financial assets at amortised cost - self supporting loans		17,847	17,847	17,268
Net payments for financial assets at amortised cost - term deposits		0	6,991,704	(25,924,064)
Proceeds from sale of property, plant & equipment	9(b)	594,756	943,425	399,030
Net cash provided by (used in) investing activities		(6,326,688)	(2,437,934)	(23,044,699)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	29(a)	(4,601,149)	(4,601,930)	(1,889,259)
Payments for principal portion of lease liabilities	29(c)	(164,485)	(176,055)	(148,227)
Proceeds from new borrowings	29(a)	2,500,000	2,500,000	0
Net cash provided by (used in) financing activities		(2,265,634)	(2,277,985)	(2,037,486)
Net increase (decrease) in cash held		3,513,545	100,000	(18,502,433)
Cash at beginning of year		6,968,593	800,000	25,471,026
Cash and cash equivalents at the end of the year	18(a)	10,482,138	900,000	6,968,593

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



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

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
NET CURRENT ASSETS - At start of financial year - surplus/(deficit)	28(c)	3,374,335	500,000	2,833,954
OPERATING ACTIVITIES				
Revenue from operating activities (excluding general rate)				
Rates (excluding general rate)	27(b)	205,822	0	176,587
Operating grants, subsidies and contributions		7,199,269	7,101,622	7,324,689
Fees and charges		13,064,811	13,077,409	12,994,888
Interest earnings		713,719	694,600	780,513
Other revenue		2,176,411	448,580	1,234,339
Profit on asset disposals	9(b)	186,850	1,767	70,922
Fair value adjustments to financial assets at fair value through profit or loss		(628,518)	0	289,114
Share of net profit of associates and joint ventures accounted for using the equity method		0		20,980
Loss from diversement from associate		(127,220)	0	0
		22,791,144	21,323,978	22,892,032
Expenditure from operating activities				
Employee costs		(28,680,343)	(27,892,254)	(26,492,092)
Materials and contracts		(25,051,640)	(26,127,651)	(24,605,200)
Utility charges		(2,571,352)	(2,712,312)	(2,444,838)
Depreciation		(15,717,756)	(16,305,054)	(16,091,943)
Finance costs		(838,885)	(834,101)	(965,752)
Insurance		(593,412)	(613,769)	(588,958)
Other expenditure		(47,440)	(363,550)	(53,188)
Loss on asset disposals	9(b)	(5,165)	(37,879)	(13,332)
Reversal of prior year loss on revaluation of assets		2,780,113	0	0
		(70,725,880)	(74,886,570)	(71,255,303)
Non-cash amounts excluded from operating activities	28(a)	12,327,256	16,317,966	15,547,160
Amount attributable to operating activities		(35,607,480)	(37,244,626)	(32,816,111)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		12,436,230	17,515,755	11,178,233
Proceeds from disposal of assets	9(b)	594,756	943,425	399,030
Proceeds from financial assets at amortised cost - self supporting loans	29(a)	17,847	17,847	17,268
Purchase of property, plant and equipment	7(a)	(6,359,452)	(8,014,468)	(2,090,914)
Purchase and construction of infrastructure	8(a)	(12,069,918)	(16,806,940)	(12,752,976)
Payments for intangible assets	11	(2,982,430)	(1,407,909)	(1,248,048)
		(8,362,967)	(7,752,290)	(4,497,407)
Non-cash amounts excluded from investing activities	28(b)	5,508,990	(2,880,331)	6,132,845
Amount attributable to investing activities		(2,853,977)	(10,632,621)	1,635,438
FINANCING ACTIVITIES				
Repayment of borrowings	29(a)	(4,601,149)	(4,601,930)	(1,889,259)
Proceeds from borrowings	29(a)	2,500,000	2,500,000	0
Payments for principal portion of lease liabilities	29(c)	(164,485)	(176,055)	(148,227)
Transfers to reserves (restricted assets)	30	(15,195,784)	(14,818,299)	(14,849,008)
Transfers from reserves (restricted assets)	30	12,863,426	21,810,003	7,715,875
Amount attributable to financing activities		(4,597,992)	4,713,719	(9,170,619)
Surplus/(deficit) before imposition of general rates		(39,685,114)	(42,663,528)	(37,517,338)
Total amount raised from general rates	27(a)	42,851,850	42,663,528	40,891,673
Surplus/(deficit) after imposition of general rates	28(c)	3,166,736	0	3,374,335

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



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

1. BASIS OF PREPARATION

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

Local Government Act 1995 requirements

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

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

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

The local government reporting entity

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

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

Judgements and estimates

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

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

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

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

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

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
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 assets are controlled
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 2022

2. REVENUE AND EXPENSES (Continued)

Revenue Recognition

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

For the year ended 30 June 2022

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	43,057,672	0	43,057,672
Operating grants, subsidies and contributions	7,199,269	0	0	0	7,199,269
Fees and charges	12,127,689	0	835,779	101,343	13,064,811
Interest earnings	0	0	424,617	289,102	713,719
Other revenue	0	0	0	2,176,411	2,176,411
Non-operating grants, subsidies and contributions	0	12,436,230	0	0	12,436,230
Total	19,326,958	12,436,230	44,318,068	2,566,856	78,648,112

For the year ended 30 June 2021

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	40,893,364	0	40,893,364
Operating grants, subsidies and contributions	7,501,276	0	0	0	7,501,276
Fees and charges	10,935,060	0	1,853,035	205,102	12,993,197
Interest earnings	0	0	462,668	317,845	780,513
Other revenue	0	0	0	1,234,339	1,234,339
Non-operating grants, subsidies and contributions	0	11,178,233	0	0	11,178,233
Total	18,436,336	11,178,233	43,209,067	1,757,286	74,580,922

	Note	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
(a) Revenue (Continued)				
Assets and services acquired below fair value				
Contributed assets		5,019,503	0	8,114,781
		5,019,503	0	8,114,781
Interest earnings				
Financial assets at amortised cost - self supporting loans		9,130	9,169	9,831
Interest on reserve funds		238,819	270,000	275,696
Rates instalment and penalty interest (refer Note 27(d))		434,411	394,400	462,668
Other interest earnings		31,359	21,031	32,318
		713,719	694,600	780,513
(b) Expenses				
Auditors remuneration				
- Audit of the Annual Financial Report		65,400	65,000	61,200
- Other services		2,000	20,000	2,000
		67,400	85,000	63,200
Finance costs				
Borrowings	29(a)	832,988	828,121	962,013
Lease liabilities	29(c)	5,897	5,980	3,739
		838,885	834,101	965,752
Other expenditure				
Adjustment to Banksia Park DMF		635,512		
Sundry expenses		(588,072)	363,550	53,188
		47,440	363,550	53,188

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired.

For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

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

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

3. CASH AND CASH EQUIVALENTS

Cash at bank and on hand
Total cash and cash equivalents

Held as
- Unrestricted cash and cash equivalents
- Restricted cash and cash equivalents

Note	2022	2021
	\$	\$
18(a)	10,482,138	6,968,593
	10,482,138	6,968,593
18(a)	5,576,581	2,298,504
	4,905,557	4,670,089
	10,482,138	6,968,593

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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 reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

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

4. OTHER FINANCIAL ASSETS

(a) Current assets

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

18(a)

2022	2021
\$	\$
61,958,851	59,729,470
246,014	212,269
62,204,865	59,941,739
18,444	17,847
61,940,407	59,711,623
61,958,851	59,729,470
246,014	212,269
246,014	212,269
264,458	230,116
61,940,407	59,711,623
62,204,865	59,941,739
196,413	214,857
3,043,382	3,705,645
3,239,795	3,920,502
196,413	214,857
196,413	214,857
136,156	129,163
2,907,226	3,576,482
3,043,382	3,705,645

(b) Non-current assets

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

Financial assets at amortised cost

Self supporting loans receivable

Financial assets at fair value through profit and loss

Units in Local Government House Trust
Banksia Park Deferred Management Fee

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 23.

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

5. TRADE AND OTHER RECEIVABLES

Current

	Note	2022 \$	2021 \$
Rates receivable		2,591,472	3,471,676
Trade and other receivables		572,177	1,961,396
GST receivable		544,152	326,914
Allowance for credit losses of trade and other receivables	23(b)	(112,125)	(128,329)
Loans Receivable		0	86,288
		3,595,676	5,717,945

Non-current

Pensioner's rates and ESL deferred		907,498	846,399
		907,498	846,399

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 23.

Classification and subsequent measurement

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

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

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

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

6. OTHER ASSETS

Other assets - current

	2022	2021
	\$	\$
Prepayments	90,686	94,285
Accrued income	288,619	719,823
Contract assets	128,207	130,805
	507,512	944,913

Non-current assets held for sale

Land	0	498,000
	0	498,000

Land classified as held for sale

The land for sale was taken off the market during the financial year 2021/2022.

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

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.

Contract assets

Contract assets primarily relate to the City's right to 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 23 (b).

Non-current assets held for sale (Continued)

Non-current assets classified as held for sale are valued at the lower of the carrying amount and fair value less costs to sell.

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 hierarchy set out in Note 25(i).

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

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.

	Note	Land \$	Buildings - specialised \$	Total land and buildings \$	Furniture and equipment \$	Plant and equipment \$	Total property, plant and equipment \$
Balance at 1 July 2020		35,431,000	93,507,390	128,938,390	741,688	5,378,716	135,058,794
Additions		0	990,733	990,733	88,708	1,011,473	2,090,914
Disposals		0	(1,841)	(1,841)	0	(339,599)	(341,440)
Revaluation increments / (decrements) transferred to revaluation surplus		3,156,500	4,635,263	7,791,763	0	0	7,791,763
Depreciation	9(a)	0	(4,617,857)	(4,617,857)	(215,350)	(873,272)	(5,706,479)
Transfers		(498,000)	(570,000)	(1,068,000)	0	0	(1,068,000)
Balance at 30 June 2021		38,089,500	93,943,688	132,033,188	615,046	5,177,318	137,825,552
Comprises:							
Gross balance amount at 30 June 2021		38,089,500	93,945,211	132,034,711	2,558,694	6,021,690	140,615,095
Accumulated depreciation at 30 June 2021		0	(1,523)	(1,523)	(1,943,648)	(844,372)	(2,789,543)
Balance at 30 June 2021		38,089,500	93,943,688	132,033,188	615,046	5,177,318	137,825,552
Additions		0	4,725,154	4,725,154	60,672	1,573,626	6,359,452
Disposals		0	(3,932)	(3,932)	0	(409,139)	(413,071)
Depreciation	9(a)	0	(4,234,051)	(4,234,051)	(146,476)	(793,359)	(5,173,886)
Transfers		498,000	0	498,000	0	0	498,000
Balance at 30 June 2022		38,587,500	94,430,859	133,018,359	529,242	5,548,446	139,096,047
Comprises:							
Gross balance amount at 30 June 2022		38,587,500	98,655,364	137,242,864	2,619,366	7,100,816	146,963,046
Accumulated depreciation at 30 June 2022		0	(4,224,505)	(4,224,505)	(2,090,124)	(1,552,370)	(7,866,999)
Balance at 30 June 2022 **		38,587,500	94,430,859	133,018,359	529,242	5,548,446	139,096,047

** closing balance includes the following work in progress

Property, Plant and Equipment - Work in Progress	0	2,994,017	2,994,017	0	0	2,994,017
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CITY OF KWINANA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land - freehold					
- Independent valuation	2	Market approach using recent observable open market values as evidenced by sales transactions of similar property types	Independent registered valuer	June 2021	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 2021	Price per square metre adjusted for zoning restrictions
Buildings - specialised	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 2021	Construction costs and current condition, residual values and remaining useful life assessments input

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.

(ii) Cost
Furniture and equipment
Plant and equipment

Cost	Cost	Purchase Cost
Cost	Cost	Purchase Cost

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

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

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.

	Note	Infrastructure - Roads \$	Infrastructure - Footpaths \$	Infrastructure - Drainage \$	Infrastructure - Carparks \$	Infrastructure - Bus Shelters \$	Infrastructure - Street Lights \$	Infrastructure - Parks & Ovals \$	Infrastructure - Other \$	Total Infrastructure \$
Balance at 1 July 2020		237,977,356	37,995,886	49,415,579	2,459,403	564,618	1,175,103	33,654,026	330,850	363,572,821
Additions*		7,463,247	1,530,197	2,119,699	0	34,995	157,586	1,447,252	0	12,752,976
Depreciation	9(a)	(6,438,477)	(597,712)	(611,936)	(348,713)	(46,334)	(68,550)	(2,048,729)	(98,022)	(10,258,473)
Balance at 30 June 2021		239,002,126	38,928,371	50,923,342	2,110,690	553,279	1,264,139	33,052,549	232,828	366,067,324
Comprises:										
Gross balance at 30 June 2021		258,022,326	40,684,407	52,686,658	3,154,060	689,162	1,449,631	38,681,376	526,671	395,894,291
Accumulated depreciation at 30 June 2021		(19,020,200)	(1,756,036)	(1,763,316)	(1,043,370)	(135,883)	(185,492)	(5,628,827)	(293,843)	(29,826,967)
Balance at 30 June 2021		239,002,126	38,928,371	50,923,342	2,110,690	553,279	1,264,139	33,052,549	232,828	366,067,324
Additions*		6,951,762	2,017,667	1,909,789	0	23,097	142,454	1,025,149	0	12,069,918
Revaluation increments / (decrements) transferred to revaluation surplus		138,054,119	(1,753,671)	67,199,359	7,341,739	264,389	1,318,543	24,850,321	1,116,073	238,390,872
Revaluation (loss) / reversals transferred to profit or loss		0	0	0	0	0	2,780,113	0	0	2,780,113
Depreciation	9(a)	(6,459,509)	(616,128)	(624,224)	(348,711)	(47,288)	(71,581)	(2,096,471)	(98,022)	(10,361,934)
Balance at 30 June 2022		377,548,498	38,576,239	119,408,266	9,103,718	793,477	5,433,668	56,831,548	1,250,879	608,946,293
Comprises:										
Gross balance at 30 June 2022		377,548,498	38,576,239	119,408,266	9,103,718	793,477	5,433,668	56,831,548	1,250,879	608,946,293
Accumulated depreciation at 30 June 2022		0	0	0	0	0	0	0	0	0
Balance at 30 June 2022 **		377,548,498	38,576,239	119,408,266	9,103,718	793,477	5,433,668	56,831,548	1,250,879	608,946,293
* Asset additions included additions received at substantially less than fair value:										
During the year ended 30 June 2021		4,983,211	1,181,470	1,278,517	0	0	0	671,583	0	8,114,781
During the year ended 30 June 2022		3,197,989	409,503	1,412,011	0	0	0	0	0	5,019,503
** closing balance includes the following work in progress										
Infrastructure - Work in Progress		0	0	378,227	0	0	0	14,000	0	392,227

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

8. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - Roads	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 - Car Parks	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)
Infrastructure - Parks and Ovals	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 - Other	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 2022

9. FIXED ASSETS

(a) Depreciation

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Buildings - specialised	7(a)	4,234,051	4,764,552	4,617,857
Furniture and equipment	7(a)	146,476	224,616	215,350
Plant and equipment	7(a)	793,359	813,288	873,272
Infrastructure - Roads	8(a)	6,459,509	6,420,073	6,438,477
Infrastructure - Footpaths	8(a)	616,128	601,693	597,712
Infrastructure - Drainage	8(a)	624,224	663,464	611,936
Infrastructure - Carparks	8(a)	348,711	348,713	348,713
Infrastructure - Bus Shelters	8(a)	47,288	47,206	46,334
Infrastructure - Street Lights	8(a)	71,581	71,701	68,550
Infrastructure - Parks & Ovals	8(a)	2,096,471	2,074,912	2,048,729
Infrastructure - Other	8(a)	98,022	98,022	98,022
Right-of-use assets - plant and equipment	10(a)	174,845	176,814	126,991
		15,710,665	16,305,054	16,091,943
Amortisation				
Intangible assets - Intangible assets - Computer Software	11	7,091	0	0
		7,091	0	0
		15,717,756	16,305,054	16,091,943

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
Buildings - specialised	2 to 100 years
Furniture and equipment	2 to 15 years
Plant and equipment	3 to 20 years
Infrastructure - roads	12 to 80 years
Infrastructure - roads (sub grade)	Not depreciated
Infrastructure - footpaths	40 to 80 years
Infrastructure - drainage	80 years
Infrastructure - car parks	5 to 20 years
Infrastructure - bus shelters	20 to 25 Years
Infrastructure - street lights	15 to 30 Years
Infrastructure - parks & ovals	10 to 50 Years
Infrastructure - other	30 to 40 Years
Right of use - plant and equipment	Based on the remaining lease

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

9. FIXED ASSETS (Continued)

(b) Disposals of assets

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	0	0	0	0	517,000	517,000	0	0	0	0	0	0
Buildings - specialised	3,932	0	0	(3,932)	0	0	0	0	1,841	0	0	(1,841)
Plant and equipment	409,139	594,756	186,850	(1,233)	462,537	426,425	1,767	(37,879)	339,599	399,030	70,922	(11,491)
	413,071	594,756	186,850	(5,165)	979,537	943,425	1,767	(37,879)	341,440	399,030	70,922	(13,332)

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
Plant and Equipment				
Law, order, public safety				
Toyota Landcruiser Kwinana South VFB	27,711	49,091	21,380	0
Toyota Landcruiser Mandogalup VFB	28,747	50,909	22,162	0
Toyota Landcruiser Kwinana South VFB	29,786	38,000	8,214	0
Community amenities				
Holden Colorado Dual Cab	20,000	29,091	9,091	0
Holden Trailblazer Lt 4x4	22,050	29,215	7,165	0
Recreation and culture				
Holden Colorado Space Cab	19,800	32,775	12,975	0
Mazda CX-9 H6 Auto Sport	26,152	29,905	3,753	0
Transport				
Volvo L70F Loader	50,000	87,462	37,462	0
Other property and services				
Holden Colorado Crew Cab	20,000	30,275	10,275	0
Ford Ranger Dual Cab Canopy	20,190	31,041	10,851	0
Holden Trailblazer	22,825	28,182	5,357	0
Ford Ranger Utility	20,000	32,632	12,632	0
Caterpillar Roller	20,166	21,855	1,689	0
Mow Master Reel Mower	106	1,335	1,229	0
Bobcat Ride on Mower	1,385	3,521	2,136	0
Kubota Tractor 33HP & Slasher	10,000	13,039	3,039	0
Toro Workman GTX Electric	9,933	8,700	0	(1,233)
Tandem Axle Tilt Trailer	2,000	3,521	1,521	0
Mitsubishi Canter Truck	25,000	29,639	4,639	0
Mitsubishi Canter 918 8.5tXLWB	26,288	35,810	9,522	0
Suzuki Four Wheel Motor Cycle	3,000	4,004	1,004	0
Suzuki Quadcycle	4,000	4,754	754	0
	409,139	594,756	186,850	(1,233)
Buildings				
Law, order, public safety				
Demolition Kwinana South VFB	3,932	0	0	(3,932)
	3,932	0	0	(3,932)
	413,071	594,756	186,850	(5,165)

9. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

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

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

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

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

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

Revaluation

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

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

Revaluation (continued)

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

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

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

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

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

Depreciation on revaluation

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

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

Amortisation

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

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

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 9(a).

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FOR THE YEAR ENDED 30 JUNE 2022

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 2020		190,679	190,679
Additions		502,496	502,496
Depreciation		(126,991)	(126,991)
Balance at 30 June 2021		566,184	566,184
Depreciation	9(a)	(174,845)	(174,845)
Balance at 30 June 2022		391,339	391,339

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

		2022 Actual	2021 Actual
		\$	\$
Depreciation on right-of-use assets	9(a)	(174,845)	(126,991)
Interest expense on lease liabilities	29(c)	(5,897)	(3,739)
Short-term lease payments recognised as expense		(223,617)	(186,501)
Low-value asset lease payments recognised as expense		(274,804)	(299,766)
Expenses for variable lease payment not recognised as a liability		0	(5,645)
Total amount recognised in the statement of comprehensive income		(679,163)	(622,642)
Total cash outflow from leases		(170,382)	(151,966)
(b) Lease Liabilities			
Current		10,110	174,595
Non-current		371,179	371,179
	29(c)	381,289	545,774

Secured liabilities and assets pledged as security

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

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - valuation measurement

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

Refer to Note 9 under revaluation for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

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

11. INTANGIBLE ASSETS

	Note	2022 Actual \$	2021 Actual \$
Intangible assets			
Non-current			
Intangible assets - Computer Software		4,846,593	1,864,163
Less: Accumulated amortisation		(7,091)	0
		4,839,502	1,864,163
Movements in balances of intangible assets during the financial year are shown as follows:			
Balance at 1 July		1,864,163	616,115
Recognition of intangible assets - computer software		2,982,430	1,248,048
Amortisation of intangible assets - computer software		(7,091)	0
Balance at 30 June		4,839,502	1,864,163
TOTAL INTANGIBLE ASSETS		4,839,502	1,864,163

SIGNIFICANT ACCOUNTING POLICIES

Computer software

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

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

Computer software (continued)

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

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

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

The useful life of the City of Kwinana website was determined to be 50 years.

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

12. INVESTMENT PROPERTY

Non-current assets - at fair value

Carrying balance at 1 July

Closing balance at 30 June

Amounts recognised in profit or loss for investment properties

Rental income

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

1 to 2 years

2 to 3 years

3 to 4 years

4 to 5 years

> 5 years

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Carrying balance at 1 July	570,000	570,000	570,000
Closing balance at 30 June	570,000	570,000	570,000
Amounts recognised in profit or loss for investment properties			
Rental income	52,089	52,089	52,061
Leasing arrangements			
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	20,373	20,373	20,455
1 to 2 years	0	0	0
2 to 3 years	0	0	0
3 to 4 years	0	0	0
4 to 5 years	0	0	0
> 5 years	0	0	0
	20,373	20,373	20,455

SIGNIFICANT ACCOUNTING POLICIES

Investment properties

Investment properties are principally freehold buildings, held for long-term rental yields and not occupied by the City. Investment properties are carried at fair value. In accordance with the significant accounting policies disclosed at Note 9.

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, terminal 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 2022

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

2022	2021
\$	\$
3,328,458	2,442,020
1,141,077	1,055,273
1,404,239	477,108
1,923,314	1,813,044
621,128	340,384
18,131	28,315
16,100,000	16,733,635
24,536,347	22,889,779

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Trade and other payables

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

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

Prepaid rates

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

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

14. OTHER LIABILITIES

Current

Contract liabilities - Fees & Charges
 Contract liabilities - Operating Grants
 Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity

Non-current

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

2022	2021
\$	\$
207,473	185,849
49,646	109,205
2,355,535	6,320,715
2,612,654	6,615,769
36,327,921	28,097,678
36,327,921	28,097,678
38,940,575	34,713,447

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

Less than 1 year
 1 to 2 years
 2 to 3 years
 3 to 4 years
 4 to 5 years
 > 5 years

Contract liabilities	Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
257,119	2,355,535
0	153,000
0	6,102,879
0	26,077,184
0	3,994,858
0	0
257,119	38,683,456

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

SIGNIFICANT ACCOUNTING POLICIES

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 the City which are yet to be satisfied. Capital grant/contribution liabilities are recognised as revenue when the obligations in the contract are satisfied.

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

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

15. BORROWINGS

		2022			2021		
	Note	Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		2,696,235	13,156,542	15,852,777	2,537,530	15,851,996	18,389,526
Total secured borrowings	29(a)	2,696,235	13,156,542	15,852,777	2,537,530	15,851,996	18,389,526

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 2022 and 2021 years.

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 25(i)) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 23.

Details of individual borrowings required by regulations are provided at Note 29(a).

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

16. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions

Employee benefit provisions

Annual Leave

Long Service Leave

Other employee provisions

Non-current provisions

Long Service Leave

	2022	2021
	\$	\$
Annual Leave	2,150,036	2,387,016
Long Service Leave	2,600,166	2,556,990
Other employee provisions	397,661	762,848
	5,147,863	5,706,854
Long Service Leave	600,829	445,000
	600,829	445,000
	5,748,692	6,151,854

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:

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

More than 12 months from reporting date

Note	2022	2021
	\$	\$
Less than 12 months after the reporting date	3,961,179	4,507,565
More than 12 months from reporting date	1,787,513	1,644,289
	5,748,692	6,151,854

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees.

Expected settlement timings are based on information obtained from employees and historical leave trends and assume no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

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

17. REVALUATION SURPLUS

	2022 Opening Balance	2022 Revaluation Increment	2022 Revaluation (Decrement)	Total Movement on Revaluation	2022 Closing Balance	2021 Opening Balance	2021 Revaluation Increment	Total Movement on Revaluation	2021 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	37,847,644	0	0	0	37,847,644	34,691,144	3,156,500	3,156,500	37,847,644
Revaluation surplus - Buildings - specialised	35,970,755	0	0	0	35,970,755	31,335,492	4,635,263	4,635,263	35,970,755
Revaluation surplus - Furniture and equipment	257,497	0	0	0	257,497	257,497	0	0	257,497
Revaluation surplus - Plant and equipment	1,954,408	0	0	0	1,954,408	1,954,408	0	0	1,954,408
Revaluation surplus - Infrastructure - Roads	112,417,177	138,054,119	0	138,054,119	250,471,296	112,417,177	0	0	112,417,177
Revaluation surplus - Infrastructure - Footpaths	14,917,826	0	(1,753,671)	(1,753,671)	13,164,155	14,917,826	0	0	14,917,826
Revaluation surplus - Infrastructure - Drainage	17,185,601	67,199,359	0	67,199,359	84,384,960	17,185,601	0	0	17,185,601
Revaluation surplus - Infrastructure - Carparks	1,837,027	7,341,739	0	7,341,739	9,178,766	1,837,027	0	0	1,837,027
Revaluation surplus - Infrastructure - Bus Shelters	379,791	264,389	0	264,389	644,180	379,791	0	0	379,791
Revaluation surplus - Infrastructure - Street Lights	0	1,318,543	0	1,318,543	1,318,543	0	0	0	0
Revaluation surplus - Infrastructure - Parks & Ovals	4,869,464	24,850,321	0	24,850,321	29,719,785	4,869,464	0	0	4,869,464
Revaluation surplus - Infrastructure - Other	178,078	1,116,073	0	1,116,073	1,294,151	178,078	0	0	178,078
	227,815,268	240,144,543	(1,753,671)	238,390,872	466,206,140	220,023,505	7,791,763	7,791,763	227,815,268

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

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

18. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	10,482,138	900,000	6,968,593

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	4,905,557	0	4,670,089
- Financial assets at amortised cost	4	61,940,407	54,847,896	59,711,623
		66,845,964	54,847,896	64,381,712

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

Restricted reserve accounts	30	64,715,177	54,847,896	62,382,819
Contract liabilities from contracts with customers		257,119	0	295,054
Grants for transfers for recognisable non financial assets		38,683,456	0	34,418,393
Deposits and bonds held		1,923,314	0	1,813,044
Less contract and other liabilities - reserve backed		(38,733,102)	0	(34,527,598)
Total restricted financial assets		66,845,964	54,847,896	64,381,712

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

Net result		7,353,344	6,616,691	3,706,635
Non-cash items:				
Adjustments to fair value of financial assets at fair value through profit and loss		628,518	0	(289,114)
Depreciation/amortisation		15,717,756	16,305,054	16,091,943
(Profit)/loss on sale of asset		(181,685)	36,112	(57,590)
Share of profits of associates		100,235	0	(20,980)
Contributed assets		(5,019,503)		(8,114,781)
Reversal of loss on revaluation of fixed assets		(2,780,113)		
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		2,061,170	500,000	(1,348,956)
(Increase)/decrease in other assets		437,401		917,559
(Increase)/decrease in inventories		0		37,323
(Increase)/decrease in contract assets		0	301,360	(86,417)
Increase/(decrease) in trade and other payables		1,646,568	(38,845)	(1,366,641)
Increase/(decrease) in employee related provisions		(403,162)		235,714
Increase/(decrease) in contract and other liabilities		0	(1,388,698)	7,315,281
Increase/(decrease) in other liabilities		4,227,128	(1,677,348)	0
Non-operating grants, subsidies and contributions		(11,681,790)	(15,838,407)	(10,440,224)
Net cash provided by/(used in) operating activities		12,105,867	4,815,919	6,579,752

**(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	(44,278)	(21,962)
Total amount of credit unused	55,722	78,038

Loan facilities

Loan facilities - current	2,696,235	2,537,530
Loan facilities - non-current	13,156,542	15,851,996
Total facilities in use at balance date	15,852,777	18,389,526

Unused loan facilities at balance date

0 0

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

19. CONTINGENT LIABILITIES

The City did not have any contingent liabilities as at 30 June 2022.

The City is currently monitoring the following potentially contaminated sites:

Peace Park - the site has been assessed as low risk.

Kwinana Golf Course - Ground water monitoring has concluded with the site assessed as low risk.

Banksia Road (Reserve R24784) - site assessed as low risk. The property is currently subject to a mining lease, should mining proceed, the site is expected to be re-assessed as moderate risk.

Lot 434 & 304 Thomas Road Landfill - both sites are leased by the City to the Department of Planning and Infrastructure. The lease provides that the lessee is responsible for post operation management.

The above sites have been reported to DWER, currently, Lot 304 Thomas Road is listed as Contaminated remediation required (this is typical of a landfill) and the Kwinana Golf Course and Peace Park are classified as possibly contaminated investigation required.

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 2022.

20. CAPITAL COMMITMENTS

Contracted for:

- capital expenditure projects
- plant & equipment purchases

Payable:

- not later than one year

2022	2021
\$	\$
2,316,946	1,126,007
0	308,794
2,316,946	1,434,801
2,316,946	1,434,801

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

21. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

Note	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Elected member - Mayor - C Adams			
Mayor's annual allowance	89,753	89,753	89,753
Meeting attendance fees	47,516	47,516	47,516
Other expenses	217	1,125	780
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	589	750	339
	141,575	142,644	141,888
Elected member - Deputy Mayor - P Feasey			
Deputy Mayor's annual allowance	22,438	22,438	22,437
Meeting attendance fees	31,678	31,678	31,678
Other expenses	0	1,125	0
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	0	750	0
	57,616	59,491	57,615
Elected member - Cr W Cooper			
Meeting attendance fees	9,282	31,678	31,678
Other expenses	1,000	1,125	0
Annual allowance for ICT expenses	1,026	3,500	3,500
Travel and accommodation expenses	0	750	0
	11,308	37,053	35,178
Elected member - Cr S Lee			
Meeting attendance fees	9,282	31,678	31,678
Other expenses	1,022	1,125	0
Annual allowance for ICT expenses	1,026	3,500	3,500
Travel and accommodation expenses	241	750	377
	11,571	37,053	35,555
Elected member - Cr M Rowse			
Meeting attendance fees	31,678	31,678	31,678
Other expenses	637	1,125	0
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	0	750	0
	35,815	37,053	35,178
Elected member - Cr M Kearney			
Meeting attendance fees	9,282	31,678	31,678
Other expenses	400	1,125	0
Annual allowance for ICT expenses	1,026	3,500	3,500
Travel and accommodation expenses	0	750	0
	10,708	37,053	35,178
Elected member - Cr D Wood			
Meeting attendance fees	31,678	31,678	31,678
Other expenses	0	1,125	0
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	0	750	0
	35,178	37,053	35,178
Elected member - Cr S Wood			
Meeting attendance fees	31,678	31,678	31,678
Other expenses	0	1,125	0
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	0	750	0
	35,178	37,053	35,178
Elected member - Cr S Kearney			
Meeting attendance fees	22,396	0	0
Annual allowance for ICT expenses	2,474	0	0
	24,870	0	0

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

21. RELATED PARTY TRANSACTIONS (Continued)

Elected member - Cr B Winmar

Meeting attendance fees	22,396	0	0
Annual allowance for ICT expenses	2,474	0	0
	24,870	0	0

Elected member - M Brown

Meeting attendance fees	22,396	0	0
Annual allowance for ICT expenses	2,474	0	0
	24,870	0	0

413,559	424,453	410,948
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Fees, expenses and allowances to be paid or reimbursed to elected council members.

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Mayor's annual allowance	89,753	89,753	89,753
Deputy Mayor's annual allowance	22,438	22,438	22,437
Meeting attendance fees	269,262	269,262	269,262
Other expenses	3,276	9,000	780
Annual allowance for ICT expenses	28,000	28,000	28,000
Travel and accommodation expenses	830	6,000	716
21(b)	413,559	424,453	410,948

(b) Key Management Personnel (KMP) Compensation

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

	2022 Actual	2021 Actual
	\$	\$
Short-term employee benefits	930,430	1,029,353
Post-employment benefits	116,203	118,622
Employee - other long-term benefits	22,500	22,953
Employee - termination benefits	131,403	35,210
Council member costs	413,559	410,948
21(a)	1,614,095	1,617,086

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.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

Council member costs

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

CITY OF KWINANA
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21. RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with related parties

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

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

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

	2022 Actual	2021 Actual
	\$	\$
Sale of goods and services	136,725	84,264
Purchase of goods and services	7,508	101,811

(d) Related Parties

The City's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

An associate person of KMP was employed by the City under normal employment terms and conditions.

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the City.

iii. Entities subject to significant influence by the City

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence.

Significant influence may be gained by share ownership, statute or agreement.

22. INVESTMENT IN ASSOCIATES

(a) Investment in associate

Resource Recovery Group (RRG) (Formerly the South Metropolitan Regional Council).

The RRG is a statutory local government authority established in 1991 by the local governments of Canning, Cockburn, East Fremantle, Kwinana, Melville and Rockingham. The RRG is responsible for developing environmentally sustainable waste management solutions for the communities of the Participants.

The member local governments jointly agreed to establish RRG under an Establishment Agreement and each participant may participate in regional projects that are governed by a Participants' Project Agreement.

There are two core projects, being:

1. The Regional Resource Recovery Centre (RRRC) Project and;
2. The Office Accommodation Project.

Both the projects were established through separate project participants' agreements. The City of Kwinana are not participants in the RRRC project. In addition to the above two projects, the support activities of RRG such as Administrative activities, Education and Marketing and Research and Development, are referred to as Existing Undertakings.

The following local governments have since withdrawn from the Regional Council:

City of Canning in June 2010, City of Rockingham in June 2012 and City of Cockburn in June 2019.

The City of Kwinana withdrew from the Regional Council effective after 30 June 2021 (1 July 2021).

Western Australia is the principal place of business for all associates.

Name of entity	% of ownership interest		2022	2021
	2022	2021	Actual	Actual
			\$	\$
Equity Ratio / Share of Associate Entity's Net Assets	0.00%	18.30%	0	535,835
Total equity-accounted investments			0	535,835
Represented by Share of Associate Entity's Statement of Financial Position				
Current assets			0	283,203
Non-current assets			0	351,431
Total assets			0	634,634
Current liabilities			0	96,496
Non-current liabilities			0	2,303
Total liabilities			0	98,799
Net assets			0	535,835
Net increase/(decrease) in share of associate entity's net assets			(535,835)	31,060
Less: City of Kwinana's Share of RRG Loan Liability			435,600	(10,080)
Cost of withdrawal from RRG			(26,985)	0
			(127,220)	20,980

SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

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

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

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

23. FINANCIAL RISK MANAGEMENT

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

Risk	Exposure arising from	Measurement	Management
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 area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2022					
Cash and cash equivalents	0.89%	10,482,138	0	10,478,568	3,570
Financial assets at amortised cost - term deposits	1.83%	61,940,407	61,940,407	0	0
Financial assets at amortised cost - Treasury bonds					
2021					
Cash and cash equivalents	0.00%	6,968,593	0	6,964,623	3,970
Financial assets at amortised cost - term deposits	0.32%	59,711,623	59,711,623	0	0

Sensitivity

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

	2022 \$	2021 \$
Impact of a 1% movement in interest rates on profit and loss and equity*	724,225	666,802

* Holding all other variables constant

Borrowings

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

CITY OF KWINANA
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FOR THE YEAR ENDED 30 JUNE 2022

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

No expected credit loss was forecast for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover outstanding amounts.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total	Note
30 June 2022						
Rates receivable						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	0	2,591,472	0	0	2,591,472	
Loss allowance	0	0	0	0	0	5
30 June 2021						
Rates receivable						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	0	3,471,676	0	0	3,471,676	
Loss allowance	0	0	0	0	0	5

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

The below balances are inclusive of GST where applicable.

	Less than 1 month past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total	
30 June 2022						
Trade and other receivables						
Expected credit loss	0.76%	7.45%	13.51%	25.60%		
Gross carrying amount	683,201	20,318	2,436	410,373	1,116,328	
Loss allowance	5,207	1,513	329	105,076	112,125	5
30 June 2021						
Trade and other receivables						
Expected credit loss	0.54%	0.78%	32.05%	26.26%		
Gross carrying amount	1,833,721	105,305	57,334	378,238	2,374,598	
Loss allowance	9,821	825	18,376	99,307	128,329	5

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

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

	Rates receivable		Trade and other receivables		Contract Assets	
	2022 Actual	2021 Actual	2022 Actual	2021 Actual	2022 Actual	2021 Actual
	\$	\$	\$	\$	\$	\$
Opening loss allowance as at 1 July	0	0	128,329	98,606	0	0
Increase in loss allowance recognised in profit or loss during the year	0	0	0	29,723	0	0
Receivables written off during the year as uncollectible	0	0	0	0	0	0
Unused amount reversed	0	0	(16,204)	0	0	0
Closing loss allowance at 30 June	0	0	112,125	128,329	0	0

Trade 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 trade receivables and contract assets are presented as net impairment losses within operating profit. 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
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23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2022					
Trade and other payables	24,536,347	0	0	24,536,347	24,536,347
Borrowings	2,696,235	8,279,772	4,876,770	15,852,777	15,852,777
Contract liabilities	257,119	0	0	257,119	257,119
Other liabilities	2,355,535	36,327,921	0	38,683,456	38,683,456
Lease liabilities	10,110	371,179	0	381,289	381,289
	<u>29,855,346</u>	<u>44,978,872</u>	<u>4,876,770</u>	<u>79,710,988</u>	<u>79,710,988</u>
2021					
Trade and other payables	22,889,779	0	0	22,889,779	22,889,779
Borrowings	2,101,151	9,091,075	7,197,300	18,389,526	18,389,526
Contract & Other liabilities	295,054	0	0	295,054	295,054
Other liabilities	6,320,715	28,097,678	0	34,418,393	34,418,393
Lease liabilities	174,595	371,179	0	545,774	545,774
	<u>31,781,294</u>	<u>37,559,932</u>	<u>7,197,300</u>	<u>76,538,526</u>	<u>76,538,526</u>

CITY OF KWINANA
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FOR THE YEAR ENDED 30 JUNE 2022

24. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No subsequent events have been noted

25. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest earnings

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

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

k) Initial application of accounting standards

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

New accounting standards for application in future years

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

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*
- AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*

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

26. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

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

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.

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26. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Income excluding non grants, subsidies and contributions			
Governance	206,756	16,368	326,215
General purpose funding	46,326,950	45,534,854	43,963,070
Law, order, public safety	762,116	506,788	512,755
Health	175,389	166,890	146,987
Education and welfare	6,272,889	6,352,795	6,852,921
Community amenities	6,373,712	6,451,590	6,426,256
Recreation and culture	3,313,706	3,021,907	2,930,924
Transport	3,223,113	332,200	372,722
Economic services	1,996,219	1,419,018	1,838,536
Other property and services	527,995	185,096	413,319
	69,178,845	63,987,506	63,783,705
Non Grants, subsidies and contributions			
Law, order, public safety	1,095,077	699,600	156,875
Education and welfare	13,950	30,000	9,771
Community amenities	2,064,427	12,544,283	598,692
Recreation and culture	561,014	849,500	204,546
Transport	8,701,762	3,392,372	10,202,338
Economic services	0	0	6,011
	12,436,230	17,515,755	11,178,233
Total Income	81,615,075	81,503,261	74,961,938
Expenses			
Governance	(2,891,165)	(3,477,775)	(3,922,897)
General purpose funding	(1,107,576)	(919,472)	(895,380)
Law, order, public safety	(3,306,781)	(3,226,391)	(2,943,953)
Health	(995,568)	(1,014,273)	(884,321)
Education and welfare	(10,782,032)	(10,341,993)	(10,030,306)
Community amenities	(9,900,033)	(10,373,632)	(9,548,651)
Recreation and culture	(24,424,973)	(22,914,361)	(22,528,744)
Transport	(15,434,476)	(17,224,514)	(15,384,327)
Economic services	(1,898,923)	(2,144,453)	(1,511,528)
Other property and services	(3,520,204)	(3,249,706)	(3,605,196)
Total expenses	(74,261,731)	(74,886,570)	(71,255,303)
Net result for the period	7,353,344	6,616,691	3,706,635

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26. FUNCTION AND ACTIVITY (Continued)

	2022	2022	2021
	Actual	Budget	Actual
(c) Fees and Charges	\$	\$	\$
Governance	11,962	10,000	14,608
General purpose funding	197,135	115,400	107,301
Law, order, public safety	217,145	198,848	216,571
Health	136,317	122,555	104,987
Education and welfare	1,723,338	2,144,323	1,849,690
Community amenities	6,268,987	6,382,390	6,255,128
Recreation and culture	2,743,164	2,595,416	2,511,979
Economic services	1,451,150	1,356,980	1,706,886
Other property and services	315,613	151,497	226,047
	13,064,811	13,077,409	12,993,197

	2022	2021
	\$	\$
(d) Total Assets		
Governance	96,843,778	82,532,953
General purpose funding	9,344	15,007
Law, order, public safety	2,728,071	1,793,157
Health	58,445	74,901
Education and welfare	31,481,764	33,246,314
Community amenities	1,061,125	862,402
Recreation and culture	113,275,184	89,108,023
Transport	542,117,264	332,638,781
Economic services	42,819,737	43,007,933
Other property and services	4,385,954	2,987,678
	834,780,665	586,267,149

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27. RATING INFORMATION

(a) General Rates

RATE TYPE				2021/22 Actual Rateable Value *	2021/22 Actual Rate Revenue	2021/22 Actual Interim Rates	2021/22 Actual Back Rates	2021/22 Actual Total Revenue	2021/22 Budget Rate Revenue	2021/22 Budget Interim Rate	2021/22 Budget Back Rate	2021/22 Budget Total Revenue	2020/21 Actual Total Revenue
Rate Description	Basis of valuation	Rate in \$	Number of Properties	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Improved Residential	Gross rental valuation	0.09858	13,865	207,537,356	19,826,159	535,872	20,379	20,382,410	19,826,157	800,000	0	20,626,157	19,351,557
Improved Special Residential	Gross rental valuation	0.09265	830	16,987,038	1,566,739	(907)	(3,995)	1,561,837	1,566,738	0	0	1,566,738	1,484,716
Improved Commercial and Industrial	Gross rental valuation	0.09834	512	112,216,981	10,886,377	106,021	(15,761)	10,976,637	10,886,377	0	0	10,886,377	10,858,140
Vacant Residential	Gross rental valuation	0.17693	410	6,983,160	1,261,272	(16,832)	31,933	1,276,373	1,261,272	0	0	1,261,272	1,224,161
Vacant Non-residential	Gross rental valuation	0.14788	57	5,319,700	455,700	295,828	25,760	777,288	455,700	0	0	455,700	435,601
General Industrial	Unimproved valuation	0.01839	3	121,200,000	2,228,868	0	0	2,228,868	2,228,868	0	0	2,228,868	2,185,236
Mining and Industrial	Unimproved valuation	0.00885	32	47,558,000	353,646	(18,330)	0	335,316	353,646	0	0	353,646	346,853
Rural	Unimproved valuation	0.0053	129	207,021,000	1,258,989	(95,083)	0	1,163,906	1,258,989	0	0	1,258,989	1,134,897
Sub-Total			15,838	724,823,235	37,837,750	806,569	58,316	38,702,635	37,837,747	800,000	0	38,637,747	37,021,161
Minimum payment		\$											
Improved Residential	Gross rental valuation	1,083	2,476	24,301,940	2,680,425	1,436	1,149	2,683,010	2,680,425	0	0	2,680,425	2,627,282
Improved Special Residential	Gross rental valuation	1,083	5	54,288	5,415	0	0	5,415	5,415	0	0	5,415	7,434
Improved Commercial and Industrial	Gross rental valuation	1,410	64	590,287	90,240	2,820	0	93,060	90,240	0	0	90,240	88,448
Vacant Residential	Gross rental valuation	1,083	1,110	5,230,770	1,149,063	44,899	58,754	1,252,716	1,149,063	0	0	1,149,063	1,050,498
Vacant Non-residential	Gross rental valuation	1,083	21	39,420	8,664	10,530	0	19,194	8,664	0	0	8,664	8,045
General Industrial	Unimproved valuation	1,410	0	0	0	0	0	0	0	0	0	0	0
Mining and Industrial	Unimproved valuation	1,410	13	186,694	18,330	18,330	0	36,660	18,330	0	0	18,330	17,657
Rural	Unimproved valuation	1,083	9	822,600	73,644	10,830	(25,314)	59,160	73,644	0	0	73,644	72,839
Sub-Total			3,698	31,225,999	4,025,781	88,845	34,589	4,149,215	4,025,781	0	0	4,025,781	3,872,203
			19,536	756,049,234	41,863,531	895,414	92,905	42,851,850	41,863,528	800,000	0	42,663,528	40,893,364
Discounts on general rates								0				0	(1,691)
Total amount raised from general rates								42,851,850				42,663,528	40,891,673
* Rateable value is based on the value of properties at the time the rate is raised.													
(b) Rates (excluding general rates)													
Ex-gratia Rates													
Sub-Total			0	0	205,822	0	0	205,822	175,000	0	0	0	176,587
					205,822			205,822	175,000				176,587
(c) Total Rates								43,057,672				42,663,528	41,068,260
												0	

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

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27. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	20/08/2021	0.00	0.00%	7.00%
Option Two				
First instalment	20/08/2021	10.50	3.00%	7.00%
Second instalment	19/01/2022	0.0	3.00%	7.00%
Option Three				
First instalment	20/08/2021	21.00	3.00%	7.00%
Second instalment	22/10/2021	0.0	3.00%	7.00%
Third instalment	19/01/2022	0.0	3.00%	7.00%
Fourth instalment	21/03/2022	0.0	3.00%	7.00%

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Interest on unpaid rates	243,118	254,400	316,531
Interest on instalment plan	181,499	140,000	138,550
Deferred Pensioner Interest	9,794	0	7,587
Charges on instalment plan	126,756	50,000	33,441
	561,167	444,400	496,109

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28. RATE SETTING STATEMENT INFORMATION

		2021/22 Budget (30 June 2022)	2021/22 Carried Forward (30 June 2022)	2020/21 Carried Forward (30 June 2021)
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 Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	9(b)	(186,850)	(1,767)	(70,922)
Less: Reversal of prior year loss on revaluation of fixed assets		(2,780,113)	0	0
Less: Movement in liabilities associated with restricted cash		(59,559)	(23,200)	(84,825)
Less: Fair value adjustments to financial assets at fair value through profit and loss		628,518	0	(289,114)
Less: Share of net profit of associates and joint ventures accounted for using the equity method		100,235	0	(20,980)
Movement in pensioner deferred rates (non-current)		(61,099)	0	(86,273)
Add: Loss on disposal of assets	9(b)	5,165	37,879	13,332
Add: Depreciation	9(a)	15,717,756	16,305,054	16,091,943
Non-cash movements in non-current assets and liabilities:				
Employee benefit provisions		(403,162)	0	235,714
Other provisions		(633,635)	0	(241,715)
Non-cash amounts excluded from operating activities		12,327,256	16,317,966	15,547,160
(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 Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to investing activities				
Movement in non current liability from transfers to acquire or construct non-financial assets to be controlled by the entity		8,230,243	(1,654,148)	11,144,052
Infrastructure received for substantially less than fair value	8(a)			
Movement in current unspent non-operating grants associated with restricted cash		(2,721,253)	(1,226,183)	(5,011,207)
Non-cash amounts excluded from investing activities		5,508,990	(2,880,331)	6,132,845
(c) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserve accounts	30	(64,715,177)	(54,847,896)	(62,382,819)
Less: Financial assets at amortised cost - self supporting loans	4(a)	(18,444)	(18,444)	(17,847)
- Land held for resale	5	0	0	(498,000)
- Banksia Park DMF Receivable		(246,014)	(319,490)	(212,269)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	15	2,696,235	2,261,964	2,537,530
- Current portion of unspent non-operating grants, subsidies and contributions held in reserve		2,355,535	16,752,676	5,076,788
- Current portion of contract liability held in reserve		49,646	47,043	109,205
- Current portion of lease liabilities	10(b)	10,110	162,433	174,595
- Banksia Park unit contribution		16,100,000	16,975,350	16,733,635
- Employee benefit provisions		5,147,863	5,505,931	5,706,854
Total adjustments to net current assets		(38,620,246)	(13,480,433)	(32,772,328)
Net current assets used in the Rate Setting Statement				
Total current assets		76,790,191		74,071,190
Less: Total current liabilities		(35,003,209)		(37,924,527)
Less: Total adjustments to net current assets		(38,620,246)		(32,772,328)
Net current assets used in the Rate Setting Statement		3,166,736	0	3,374,335

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29. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual						Budget				
		Principal at	New Loans	Principal	Principal at 30	New Loans	Principal	Principal at 1	New Loans	Principal	Principal at 30	
		1 July 2020	During 2020-21	Repayments	June 2021	During 2021-22	Repayments	30 June 2022	July 2021	During 2021-22	Repayments	June 2022
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance												
Loan 99 - Administration Building Renovations		576,328	0	(101,532)	474,796	0	(107,976)	366,820	474,796	0	(107,976)	366,820
Education and welfare												
Loan 96 - Youth Specific Space		95,162	0	(29,407)	65,755	0	(31,663)	34,092	65,755	0	(31,663)	34,092
Loan 100 - Youth Specific Space		1,270,494	0	(134,366)	1,136,128	0	(140,713)	995,415	1,136,129	0	(140,713)	995,416
Recreation and culture												
Loan 94 - Wellard Sports Pavilion		108,836	0	(52,710)	56,126	0	(56,126)	0	56,127	0	(56,126)	1
Loan 95 - Orelia Oval Pavilion		228,390	0	(70,577)	157,813	0	(75,990)	81,823	157,814	0	(75,991)	81,823
Loan 97 - Orelia Oval Pavilion Extension		1,275,244	0	(224,657)	1,050,587	0	(238,920)	811,667	1,050,584	0	(238,920)	811,664
Loan 102 - Library & Resource Centre		6,820,176	0	(629,004)	6,191,172	0	(657,885)	5,533,287	6,191,171	0	(657,885)	5,533,286
Loan 104 - Recquatic Refurbishment		3,350,000	0	(277,849)	3,072,151	0	(289,216)	2,782,935	3,072,151	0	(289,216)	2,782,935
Loan 105 - Bertram Community Centre		1,269,272	0	(112,529)	1,156,743	0	(116,232)	1,040,511	1,156,742	0	(116,232)	1,040,510
Loan 106 - Destination Park - Calista		1,321,267	0	(102,291)	1,218,976	0	(105,528)	1,113,448	1,218,976	0	(105,528)	1,113,448
Transport												
Loan 98 - Streetscape Beautification		778,044	0	(137,069)	640,975	0	(145,768)	495,207	640,978	0	(145,768)	495,210
Loan 101 - City Centre Redevelopment		2,500,000	0	0	2,500,000	0	(2,500,000)	0	2,500,000	0	(2,500,000)	0
Loan 101B - City Centre Redevelopment		0	0	0	0	2,500,000	(117,285)	2,382,715	0	2,500,000	(118,065)	2,381,935
Total		19,593,213	0	(1,871,991)	17,721,222	2,500,000	(4,583,302)	15,637,920	17,721,223	2,500,000	(4,584,083)	15,637,140
Self Supporting Loans												
Recreation and culture												
Loan 103B - Golf Club Refurbishment		249,972	0	(17,268)	232,704	0	(17,847)	214,857	232,703	0	(17,847)	214,856
Total Self Supporting Loans		249,972	0	(17,268)	232,704	0	(17,847)	214,857	232,703	0	(17,847)	214,856
**Share of RRG Loan		425,520 *	0	0	435,600	0	(435,600)	0	0	0	0	0
Total Borrowings	15	20,268,705	0	(1,889,259)	18,389,526	2,500,000	(5,036,749)	15,852,777	17,953,926	2,500,000	(4,601,930)	15,851,996

All outstanding loans are financed through WA Treasury Corporation.

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.

*RRG Loan Principal was \$425,520 at 1 July 2020. City's share of the RRG Loan increased in 20/21 by \$10,080. RRG Loan Principal was \$435,600 at 30 June 2021.

**The City exited the Resource Recovery Group (RRG) as at 1 July 2021.

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29. BORROWING AND LEASE LIABILITIES (Continued)

Borrowing Interest Repayments

Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021
Loan 99 - Administration Building Renovations		Governance	99	WATC	6.25%	\$ (31,759)	\$ (31,413)	\$ (38,373)
Loan 96 - Youth Specific Space		Education and welfare	96	WATC	7.53%	(5,055)	(4,855)	(7,212)
Loan 100 - Youth Specific Space		Education and welfare	100	WATC	4.67%	(62,361)	(59,110)	(66,171)
Loan 94 - Wellard Sports Pavilion		Recreation and culture	94	WATC	6.38%	(2,764)	(2,841)	(6,360)
Loan 95 - Orelia Oval Pavilion		Recreation and culture	95	WATC	7.53%	(11,321)	(11,652)	(17,308)
Loan 97 - Orelia Oval Pavilion Extension		Recreation and culture	97	WATC	6.25%	(68,942)	(69,508)	(84,908)
Loan 102 - Library & Resource Centre		Recreation and culture	102	WATC	4.54%	(310,848)	(315,089)	(347,309)
Loan 104 - Recquatic Refurbishment		Recreation and culture	104	WATC	4.05%	(141,481)	(142,512)	(155,693)
Loan 105 - Bertram Community Centre		Recreation and culture	105	WATC	3.25%	(44,892)	(43,760)	(48,108)
Loan 106 - Destination Park - Calista		Recreation and culture	106	WATC	3.14%	(53,240)	(45,790)	(49,688)
Loan 98 - Streetscape Beautification		Transport	98	WATC	6.25%	(42,515)	(42,417)	(51,802)
Loan 101 - City Centre Redevelopment		Transport	101	WATC	4.67%	(14,766)	(35,094)	(79,250)
Loan 101B - City Centre Redevelopment		Transport	101B	WATC	1.3302%	(33,914)	(14,911)	0
Total						(823,858)	(818,952)	(952,182)
Self Supporting Loans Interest Repayments								
Recreation and culture								
Loan 103B - Golf Club Refurbishment		Recreation and culture	103B	WATC	3.32%	(9,130)	(9,169)	(9,831)
Total Self Supporting Loans Interest Repayments						(9,130)	(9,169)	(9,831)
Total Interest Repayments	2(b)					(832,988)	(828,121)	(962,013)

(b) New Borrowings - 2021/22

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2022 Actual	2022 Budget	2022 Actual	2022 Budget		
Refinancing City Centre Redevelopment loan to Principal plus interest repayments	WATC	Debenture	10	1.3302%	\$ 2,500,000	\$ 2,500,000	\$ (2,500,000)	\$ (2,500,000)	\$ 178,253	\$ 0
					2,500,000	2,500,000	(2,500,000)	(2,500,000)	178,253	0

* WA Treasury Corporation

CITY OF KWINANA
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29. BORROWING AND LEASE LIABILITIES (Continued)

(c) Lease Liabilities

Purpose	Note	Actual				Budget			
		Principal at 1 July 2020	New Leases During 2020-21	Principal Repayments During 2020-21	Principal at 30 June 2021	Principal at 1 July 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022
		\$	\$	\$	\$	\$	\$	\$	\$
Other Property & Services									
Data#3 Limited Server Storage	E6N0160168	57,708	0	(57,708)	0	0	0	0	0
ELB 4x Proline84 Interactive	E6N0160185	20,999	0	(10,395)	10,604	10,604	0	(10,604)	0
Kyocera Equipment	5389066248AUS	44,694	0	(22,929)	21,765	21,765	0	(21,765)	0
Photocopier/Printers	E6N0162743	45,659	0	(10,952)	34,707	34,709	0	(11,139)	23,570
Kodak Scanners	5389066248AUS	0	18,147	(2,441)	15,706	15,706	0	(5,880)	9,826
Photocopiers / equipment		0	0	0	0	0	94,484	(2,015)	92,469
Education and welfare									
Vehicle Lease - Bright Futures	1EYT548	2,537	0	(2,537)	0	0	0	0	0
Vehicle Lease - Youth	1EWZ823	2,872	0	(2,872)	0	0	0	0	0
Vehicle Lease - Youth	1HFE114	0	33,530	(2,712)	30,818	30,274	0	(6,576)	23,698
Recreation and culture									
Gym equipment	E6N0163618-1	0	450,819	(28,716)	422,103	422,103	0	(110,992)	311,111
Nilfisk floor scrubber	3510183300688	17,036	0	(6,965)	10,071	10,071	0	(7,084)	2,987
Total Lease Liabilities	10(b)	191,505	502,496	(148,227)	545,774	545,232	94,484	(176,055)	463,661

Lease Interest Repayments

Purpose	Note	Function and activity	Lease Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021	Lease Term
						\$	\$	\$	
Data#3 Limited Server Storage		Other property and services	E6N0160168	Alleasing	2.00%	0	0	(723)	June 2021
ELB 4x Proline84 Interactive		Other property and services	E6N0160185	Alleasing	2.00%	0	(133)	(342)	June 2022
Kyocera Equipment		Other property and services	5389066248AUS1	Kyocera	3.65%	(381)	(399)	(1,251)	June 2022
Photocopier/Printers		Other property and services	E6N0162743	Maia	1.80%	(551)	(561)	(748)	October 2024
Kodak Scanners		Other property and services	5389066248AUS3	HP Financial Services	4.18%	(546)	(544)	(235)	February 2024
Vehicle Lease - Bright Futures		Education and welfare	1EYT548	Toyota Fleet	2.00%	0	0	(17)	February 2021
Vehicle Lease - Youth		Education and welfare	1EQZ823	Easifleet	2.00%	0	0	(12)	November 2020
Vehicle Lease - Youth		Education and welfare	1HFE114	Toyota Finance	1.30%	(357)	(354)	(176)	November 2026
Recreation and culture									
Gym equipment		Recreation and culture	E6N0163618-1	Maia	1.02%	(3,944)	(3,873)	0	June 2025
Nilfisk floor scrubber		Recreation and culture	350183300688	Nilfisk	1.70%	(118)	(116)	(235)	December 2022
Total Interest Repayments	2(b)					(5,897)	(5,980)	(3,739)	

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30. RESERVE ACCOUNTS

	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance	2022 Budget Opening Balance	2022 Budget Transfer to	2022 Budget Transfer (from)	2022 Budget Closing Balance	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Municipal Funds												
(a) Aged Persons Units Reserve	772,745	228,166	(155,868)	845,043	750,755	192,961	(190,000)	753,716	741,044	204,781	(173,080)	772,745
(b) Asset Management Reserve	5,190,293	1,865,616	(2,438,289)	4,617,620	5,076,987	1,888,517	(3,741,911)	3,223,593	5,163,247	1,786,973	(1,759,927)	5,190,293
(c) Banksia Park Reserve	209,270	205,549	(170,577)	244,242	109,993	129,074	(90,000)	149,067	23,997	405,898	(220,625)	209,270
(d) City Infrastructure Reserve	1,360,526	6,159	(425,000)	941,685	1,360,527	5,064	(425,000)	940,591	995,255	365,271	0	1,360,526
(e) Community Services & Emergency Relief Reserve	334,163	1,429	0	335,592	249,266	1,720	(200,000)	50,986	340,995	3,168	(10,000)	334,163
(f) Contiguous Local Authorities Group Reserve	278,785	25,805	(34,472)	270,118	346,951	25,196	(38,800)	333,347	265,918	40,401	(27,534)	278,785
(g) Employee Leave Reserve	2,946,683	8,991	0	2,955,674	2,946,683	0	0	2,946,683	2,488,383	458,300	0	2,946,683
(h) Employee Vacancy Reserve	502,648	2,148	0	504,796	502,649	2,544	0	505,193	500,233	2,415	0	502,648
(i) Family Day Care Reserve	1,040,526	5,288	(1,045,814)	0	1,185,048	6,020	(64,186)	1,126,882	1,229,903	6,658	(196,035)	1,040,526
(j) Golf Course Cottage Reserve	29,557	126	0	29,683	29,558	148	0	29,706	29,396	161	0	29,557
(k) Golf Club Maintenance Reserve	17,145	10,038	0	27,183	8,895	5,048	(5,004)	8,939	8,846	8,299	0	17,145
(l) Information Technology Reserve	2,546,175	500,848	(2,952,502)	94,521	2,470,844	90,680	(1,385,000)	1,176,524	2,597,168	1,642,511	(1,693,504)	2,546,175
(m) Plant and Equipment Replacement Reserve	378,327	742,743	(527,286)	593,784	235,952	795,880	(768,875)	262,957	430,899	494,301	(546,873)	378,327
(n) Public Art Reserve	29,900	270,520	0	300,420	29,900	152	0	30,052	0	29,900	0	29,900
(o) Public Open Space	320,613	1,503	0	322,116	320,613	0	0	320,613	0	320,613	0	320,613
(p) Refuse Reserve	5,524,521	10,981	(156,463)	5,379,039	5,557,961	0	(184,178)	5,373,783	5,644,888	0	(120,367)	5,524,521
(q) Renewable Energy Efficiency Reserve	34,354	16,742	0	51,096	34,354	16,707	(9,035)	42,026	34,172	2,295	(2,113)	34,354
(r) Restricted Grants & Contributions Reserve	3,157,387	1,200,901	(2,175,386)	2,182,902	2,563,731	85,000	(2,163,731)	485,000	2,187,985	2,806,947	(1,837,545)	3,157,387
(s) Settlement Agreement Reserve	168,670	680	0	169,350	168,698	856	0	169,554	167,771	899	0	168,670
(t) Strategic Property Reserve	0	455,369	0	455,369	0	512,000	0	512,000	0	0	0	0
(u) Workers Compensation Reserve	324,699	227,746	0	552,445	324,723	732	0	325,455	143,928	180,771	0	324,699
	25,166,987	5,787,348	(10,081,657)	20,872,678	24,274,088	3,758,299	(9,265,720)	18,766,667	22,994,028	8,760,562	(6,587,603)	25,166,987
Developer Contributions Funds												
(v) DCA 1 - Hard Infrastructure - Bertram	738,950	793,445	(76,946)	1,455,449	1,224,445	505,652	(14,410)	1,715,687	599,722	668,808	(529,580)	738,950
(w) DCA 2 - Hard Infrastructure - Wellard	1,720,913	6,378	0	1,727,291	1,803,911	59,012	(14,410)	1,848,513	1,988,294	26,682	(294,063)	1,720,913
(x) DCA 3 - Hard Infrastructure - Casuarina	0	0	0	0	0	6,000,000	(5,535,695)	464,305	0	0	0	0
(y) DCA 4 - Hard Infrastructure - Anketell	1,194,025	851,964	(16,597)	2,029,392	1,201,705	3,205,420	(3,503,055)	904,070	521,490	690,529	(17,994)	1,194,025
(z) DCA 5 - Hard Infrastructure - Wandii	972,058	909,066	(22,813)	1,858,311	981,945	504,436	(14,410)	1,471,971	427,218	564,759	(19,919)	972,058
(f) DCA 6 - Hard Infrastructure - Mandogalup	753,954	3,175,276	(16,757)	3,912,473	563,066	402,564	(14,410)	951,220	274,055	497,809	(17,910)	753,954
(l) DCA 7 - Hard Infrastructure - Wellard West	52,702	31,654	(5,954)	78,402	40,416	5,224	(14,410)	31,230	18,171	34,531	0	52,702
(j) DCA 8 - Soft Infrastructure - Mandogalup	1,418,989	1,550,554	(15,605)	2,953,938	1,303,484	205,876	(14,410)	1,494,950	450,501	975,991	(7,503)	1,418,989
(~) DCA 9 - Soft Infrastructure - Wandii/Anketell	12,810,629	915,025	(1,893,374)	11,832,280	12,900,763	63,108	(3,332,613)	9,631,258	11,941,274	1,052,529	(183,174)	12,810,629
□ DCA 10 - Soft Infrastructure - Casuarina/Anketell	197,222	808	(15,605)	182,425	195,571	5,920	(14,410)	187,081	204,182	1,289	(8,249)	197,222
(E) DCA 11 - Soft Infrastructure - Wellard East	6,478,479	39,925	(656,022)	5,862,382	6,489,265	34,020	(14,410)	6,508,875	6,152,977	336,287	(10,785)	6,478,479
□ DCA 12 - Soft Infrastructure - Wellard West	9,488,144	993,920	(15,524)	10,466,540	9,486,283	47,468	(14,410)	9,519,341	8,468,096	1,028,087	(8,039)	9,488,144
(,) DCA 13 - Soft Infrastructure - Bertram	269,075	1,097	(15,524)	254,648	255,068	6,184	(14,410)	246,842	263,326	13,489	(7,740)	269,075
(f) DCA 14 - Soft Infrastructure - Wellard/Leda	813,783	105,136	(15,524)	903,395	819,500	8,708	(14,410)	813,798	706,921	122,552	(15,690)	813,783
(.) DCA 15 - Soft Infrastructure - City Site	306,909	34,188	(15,524)	325,573	300,090	6,408	(14,410)	292,088	239,431	75,104	(7,626)	306,909
	37,215,832	9,408,436	(2,781,769)	43,842,499	37,565,512	11,060,000	(12,544,283)	36,081,229	32,255,658	6,088,446	(1,128,272)	37,215,832
	62,382,819	15,195,784	(12,863,426)	64,715,177	61,839,600	14,818,299	(21,810,003)	54,847,896	55,249,686	14,849,008	(7,715,875)	62,382,819

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

30. RESERVE ACCOUNTS (Continued)

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Aged Persons Units Reserve	Ongoing	to be used to provide funds for the capital acquisition and maintenance of the Aged Persons Units, Callistemon Court.
(b) Asset Management Reserve	Ongoing	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.
(c) Banksia Park Reserve	Ongoing	to be used to provide funds for the capital acquisitions and maintenance of the Banksia Park Retirement Village.
(d) City Infrastructure Reserve	Ongoing	to be used to fund the City's contributions to community infrastructure projects.
(e) Community Services & Emergency Relief Reserve	Ongoing	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.
(f) Contiguous Local Authorities Group Reserve	Ongoing	to be used to restrict funds received for the prevention, control and education of mosquito management.
(g) Employee Leave Reserve	Ongoing	to be used to ensure that adequate funds are available to finance employee leave entitlements.
(h) Employee Vacancy Reserve	Ongoing	to be used to ensure that adequate funds are available to finance employee costs.
(i) Family Day Care Reserve	Ongoing	to be used to provide for the capital acquisitions and maintenance of this facility.
(j) Golf Course Cottage Reserve	Ongoing	to be used to provide funds for the maintenance of this building.
(k) Golf Club Maintenance Reserve	Ongoing	to be used to provide funds for the maintenance of this building.
(l) Information Technology Reserve	Ongoing	to be used for the implementation and maintainance of the City's software requirements.
(m) Plant and Equipment Replacement Reserve	Ongoing	to be used to replace existing fleet, plant and other City assets.
(n) Public Art Reserve	Ongoing	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.
(o) Public Open Space	Ongoing	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.
(p) Refuse Reserve	Ongoing	to be used to provide funds for the costs and subsidy of Waste Management in the City.
(q) Renewable Energy Efficiency Reserve	Ongoing	to be used to provide funds for renewable energy and water efficiency initiatives.
(r) Restricted Grants & Contributions Reserve	Ongoing	to be used to restrict funds, being city funds, grants and contributions, required to complete projects from prior financial years.
(t) Strategic Property Reserve	Ongoing	to be used to provide funds for future investment opportunities.
(u) Workers Compensation Reserve	Ongoing	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.
(v) DCA 1 - Hard Infrastructure - Bertram	Ongoing	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 1 - Hard Infrastructure Bertram.
(w) DCA 2 - Hard Infrastructure - Wellard	Ongoing	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 2 - Hard Infrastructure Wellard.
(x) DCA 3 - Hard Infrastructure - Casuarina	Ongoing	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 3 - Hard Infrastructure Casuarina.
(y) DCA 4 - Hard Infrastructure - Anketell	Ongoing	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 4 - Hard Infrastructure Anketell.
(z) DCA 5 - Hard Infrastructure - Wandii	Ongoing	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 5 - Hard Infrastructure Wandii.
(f) DCA 6 - Hard Infrastructure - Mandogalup	Ongoing	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 6 - Hard Infrastructure Mandogalup.
(l) DCA 7 - Hard Infrastructure - Wellard West	Ongoing	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.
(j) DCA 8 - Soft Infrastructure - Mandogalup	Ongoing	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 8 - Soft Infrastructure Mandogalup.
(-) DCA 9 - Soft Infrastructure - Wandii/Anketell	Ongoing	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 9 - Soft Infrastructure Wandii/Anketell.

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

30. RESERVE ACCOUNTS (Continued)

□ DCA 10 - Soft Infrastructure - Casuarina/Anketell	Ongoing	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.
(€) DCA 11 - Soft Infrastructure - Wellard East	Ongoing	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.
(□) DCA 12 - Soft Infrastructure - Wellard West	Ongoing	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.
(,) DCA 13 - Soft Infrastructure - Bertram	Ongoing	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 13 - Soft Infrastructure Bertram.
(f) DCA 14 - Soft Infrastructure - Wellard/Leda	Ongoing	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.
(,) DCA 15 - Soft Infrastructure - City Site	Ongoing	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.

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

31. TRUST FUNDS

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

	1 July 2021	Amounts Received	Amounts Paid	30 June 2022
	\$	\$	\$	\$
APU Security Bonds	21,434	2,000	(580)	22,854
Contiguous Local Authorities Group (CLAG)	5,161	601	(55)	5,707
Abandoned Vehicles	4,829	2,016	0	6,845
	31,424	4,617	(635)	35,406



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 City of Kwinana

To the Councillors 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 at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, and Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the City for the year ended 30 June 2022 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

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

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

Other information

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

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

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to

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

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

The Chief Executive Officer of the City is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the City's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the City.

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the City of Kwinana for the year ended 30 June 2022 included in the annual report on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the City to confirm the information contained in the website version.

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