



# City of Stirling Financial Statements

*Local Government Act 1995*

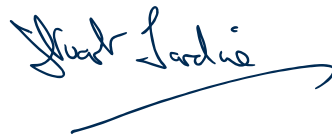
**Local Government (Financial Management)  
Regulations 1996**

## Statement by Chief Executive Officer

The accompanying financial report of the City of Stirling has been prepared in compliance with the provisions of the Local Government Act 1995 from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

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

**Signed on the 14th day of December 2023**



STUART JARDINE PSM  
CHIEF EXECUTIVE OFFICER





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

**A sustainable City with a local focus.**

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







# Auditor General

## INDEPENDENT AUDITOR'S REPORT 2023 City of Stirling

To the Council of the City of Stirling

### Opinion

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

- the Statement of Financial Position as at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Activity for the year then ended
- Notes comprising a summary of 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 2023 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, the 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 2023, but not the financial report and my auditor's report.

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

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

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

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

The Chief Executive Officer (CEO) of the City is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act and, to the extent that they are not inconsistent with the Act, the 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](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

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

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

## Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the City of Stirling for the year ended 30 June 2023 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  
15 December 2023



# Statement of Comprehensive Income

For the year ended 30 June 2023

	Note	2023 Budget \$	2023 Actual \$	2022 Actual \$
<b>Revenue</b>				
Rates	2a, 24	150,930,551	154,260,298	144,434,041
Security service charge	2a	3,572,100	3,594,493	3,067,954
Grants & subsidies	2a	14,738,408	17,344,226	16,371,010
Contributions, reimbursements & donations	2a	2,307,435	2,882,348	3,093,925
Waste service charge	2a	41,162,367	41,349,212	39,782,249
Fees & charges	2a	21,121,292	19,284,517	20,700,586
Interest revenue	2a	1,777,860	7,591,193	1,161,736
Registrations/licences & permits	2a	4,315,430	3,880,387	4,047,753
Underground power	2a	1,383,484	89,150	5,918,336
Other revenue/income	2a	3,428,411	6,144,389	4,759,376
<b>Total revenue from ordinary activities</b>		<b>244,737,339</b>	<b>256,420,213</b>	<b>243,336,966</b>
<b>Expenses</b>				
Employee costs		(96,761,186)	(98,311,185)	(90,545,522)
Materials & contracts direct maintenance of non-current assets		(25,810,744)	(26,463,666)	(25,567,515)
Materials & contracts other works		(67,734,765)	(68,588,081)	(63,686,811)
Underground power		(1,388,484)	(460,840)	(5,550,543)
Utility charges		(7,809,160)	(8,126,442)	(7,817,306)
Depreciation and amortisation	8e	(51,793,718)	(50,352,901)	(51,425,071)
Finance costs	2b, 26	-	(9,298)	(8,815)
Insurance expenses		(2,155,004)	(2,331,144)	(1,862,531)
Other expenditure	2b	(3,489,652)	(2,849,690)	(3,274,586)
<b>Total expenditure from ordinary activities</b>		<b>(256,942,712)</b>	<b>(257,493,247)</b>	<b>(249,738,700)</b>
<b>Net result from operating activities</b>		<b>(12,205,373)</b>	<b>(1,073,034)</b>	<b>(6,401,734)</b>
<b>Non-operating activities</b>				
Capital grants & subsidies	2a	13,147,284	15,971,754	21,513,088
Gifted & acquired assets		-	10,000	-
Share of profit/(loss) of associates accounted for using the equity method	19a	-	2,172,332	(4,446,834)
Profit on sale of Tamala Park land		5,000,000	4,583,668	3,855,193
Fair value adjustment to financial assets through profit and loss	4	-	9,215	9,992
Loss on revaluation of other infrastructure	8c	-	-	(8,514,209)
Profit on asset disposals		464,237	684,009	1,438,305
Loss on asset disposals		(380,483)	(21,370,613)	(1,920,600)
<b>Total non-operating activities</b>		<b>18,231,038</b>	<b>2,060,365</b>	<b>11,934,935</b>
<b>Net result</b>	15b	<b>6,025,665</b>	<b>987,331</b>	<b>5,533,201</b>
<b>Other comprehensive income</b>				
Share of other comprehensive income of associates accounted for using the equity method	14, 19b, 19c	-	3,724,100	6,713,424
Changes in asset revaluation surplus	14	-	68,580,545	(14,441,716)
<b>Total comprehensive income</b>		<b>6,025,665</b>	<b>73,291,976</b>	<b>(2,195,091)</b>

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

# Statement of Financial Position

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash & cash equivalents	3a / 15	161,732,397	142,555,202
Trade and other receivables	5a	15,846,286	15,684,796
Other assets	5c	3,357,653	1,765,360
Inventories	6	5,019,769	5,176,603
Contract Assets	7	1,712,576	1,727,037
<b>Total current assets</b>		<b>187,668,681</b>	<b>166,908,998</b>
<b>Non-current assets</b>			
Other financial assets	4	203,724	194,509
Trade and other receivables	5b	1,730,690	2,504,286
Inventory - Land held for resale	6	167,946	188,067
Property, plant & equipment	8a	801,206,423	732,828,982
Infrastructure	8c	1,624,814,758	1,644,490,444
Intangibles	9	3,029,481	3,158,180
Right of use assets	10a	142,649	93,351
Investments	19a	59,851,577	56,845,674
<b>Total non-current assets</b>		<b>2,491,147,248</b>	<b>2,440,303,494</b>
<b>Total assets</b>		<b>2,678,815,929</b>	<b>2,607,212,492</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	44,669,335	47,082,960
Other liabilities	12	2,621,511	2,525,749
Lease liabilities	10b, 26	79,514	46,998
Employee related provisions	13	18,409,253	18,478,023
<b>Total current liabilities</b>		<b>65,779,613</b>	<b>68,133,730</b>
<b>Non-current liabilities</b>			
Lease liabilities	10b, 26	67,092	50,805
Employee related provisions	13	1,255,718	1,179,049
<b>Total non-current liabilities</b>		<b>1,322,810</b>	<b>1,229,854</b>
<b>Total liabilities</b>		<b>67,102,423</b>	<b>69,363,584</b>
<b>Net assets</b>		<b>2,611,713,506</b>	<b>2,537,848,908</b>
<b>Equity</b>			
Retained surplus		1,068,353,767	1,085,224,338
Reserves - cash/investment backed	27	94,897,412	70,153,272
Revaluation surplus	14	1,448,462,327	1,382,471,298
<b>Total equity</b>		<b>2,611,713,506</b>	<b>2,537,848,908</b>

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

# Statement of Changes in Equity

For the year ended 30 June 2023

	Note	Retained surplus \$	Reserves cash backed \$	Revaluation surplus \$	Total equity \$
<b>Balance as at 30 June 2021</b>		<b>1,061,236,390</b>	<b>84,898,889</b>	<b>1,393,718,335</b>	<b>2,539,853,614</b>
<b>Comprehensive income</b>					
Net result		5,533,201	-	-	5,533,201
<b>Total comprehensive income</b>		<b>5,533,201</b>	<b>-</b>	<b>-</b>	<b>5,533,201</b>
Realisation of revaluation reserve upon disposal of assets	14	3,518,745	-	(3,518,745)	-
Share of other comprehensive income of associates	14	-	-	6,713,424	6,713,424
Change on revaluation of non-current assets	14	-	-	(14,441,716)	(14,441,716)
Transfers to and from trust		190,385	-	-	190,385
Transfers to reserves	27	(18,041,935)	18,041,935	-	-
Transfers from reserves	27	32,787,552	(32,787,552)	-	-
<b>Balance as at 30 June 2022</b>		<b>1,085,224,338</b>	<b>70,153,272</b>	<b>1,382,471,298</b>	<b>2,537,848,908</b>
<b>Total equity as at 1 July 2022</b>		<b>1,085,224,338</b>	<b>70,153,272</b>	<b>1,382,471,298</b>	<b>2,537,848,908</b>
<b>Comprehensive income</b>					
Net result		987,331	-	-	987,331
Share of other comprehensive income of associates	14, 19b, 19c	-	-	3,724,100	3,724,100
Change on revaluation of non-current assets	14	-	-	68,580,545	68,580,545
<b>Total comprehensive income</b>		<b>987,331</b>	<b>-</b>	<b>72,304,645</b>	<b>73,291,976</b>
Realisation of revaluation reserve upon disposal of assets	14	6,313,616	-	(6,313,616)	-
Transfers to and from trust	28	572,622	-	-	572,622
Transfers to reserves	27	(43,157,787)	43,157,787	-	-
Transfers from reserves	27	18,413,647	(18,413,647)	-	-
<b>Balance as at 30 June 2023</b>		<b>1,068,353,767</b>	<b>94,897,412</b>	<b>1,448,462,327</b>	<b>2,611,713,506</b>

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

# Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Rates		154,958,406	151,572,809
Underground power		1,801,982	352,604
Fees from regulatory services		3,927,350	4,166,569
Service charges		66,750,470	65,043,850
Interest revenue		6,253,937	638,391
Operating grants, subsidies & contributions		19,911,991	18,351,223
Other revenue		3,113,255	2,788,413
		<b>256,717,391</b>	<b>242,913,859</b>
<b>Payments</b>			
Employee costs		(114,461,671)	(107,511,630)
Materials & contracts		(77,174,646)	(75,843,870)
Underground power		(460,840)	(5,785,431)
Utility charges		(8,126,442)	(7,817,306)
Insurance		(2,331,143)	(1,862,531)
Interest		(9,298)	(8,815)
Other expenditure		(2,826,730)	(3,377,119)
		<b>(205,390,770)</b>	<b>(202,206,702)</b>
<b>Net cash from operating activities</b>	15b	<b>51,326,621</b>	<b>40,707,157</b>
<b>Cash flows used in investing activities</b>			
New & redevelopment of community infrastructure		(35,985,312)	(29,939,291)
Payments for purchase of property, plant & equipment		(17,040,113)	(17,809,693)
Transfer from trust	28	572,622	190,385
Payments for principal portion of lease liabilities		(18,518)	(59,945)
Distributions from investment in associate	19c	6,666,664	(24,556,633)
Proceeds from sale of property, plant & equipment		2,003,411	4,533,809
Capital grants, subsidies & contributions		11,651,820	24,869,862
<b>Net cash used in investing activities</b>		<b>(32,149,426)</b>	<b>(42,771,506)</b>
Net increase in cash & cash equivalent		19,177,195	(2,064,349)
Cash & cash equivalent at beginning of reporting period		142,555,202	144,619,551
<b>Cash &amp; cash equivalent at end of reporting period</b>	3	<b>161,732,397</b>	<b>142,555,202</b>

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



# Statement of Financial Activity

For the year ended 30 June 2023

	Notes	2023 Budget \$	2023 Actual \$	2022 Actual \$
<b>Operating activities</b>				
<b>Revenue from operating activities</b>				
General rates	24	150,930,551	154,260,298	144,434,041
Security service charge	2a	3,572,100	3,594,493	3,067,954
Grants & subsidies	2a	14,738,408	17,344,226	16,371,010
Contributions, reimbursements & donations	2a	2,307,435	2,882,348	3,093,925
Waste service charge	2a	41,162,367	41,349,212	39,782,249
Fees & charges	2a	21,121,292	19,284,517	20,700,586
Interest revenue	2a	1,777,860	7,591,193	1,161,736
Profit on disposal of assets		464,237	684,009	1,438,305
Registrations/licences & permits	2a	4,315,430	3,880,387	4,047,753
Underground power		1,383,484	89,150	5,918,336
Other revenue	2a	3,428,411	6,144,389	4,759,376
<b>Total revenue from operating activities</b>		<b>245,201,575</b>	<b>257,104,222</b>	<b>244,775,271</b>
<b>Expenditure from operating activities</b>				
Employee costs		(96,761,184)	(98,311,185)	(90,545,522)
Materials & contracts direct maintenance of non-current assets		(25,810,744)	(26,463,666)	(25,567,515)
Materials & contracts other works		(67,734,765)	(68,501,362)	(63,686,811)
Underground power		(1,388,484)	(460,840)	(5,550,543)
Utilities		(7,809,160)	(8,126,442)	(7,817,306)
Depreciation on non-current assets	8e	(51,793,718)	(50,352,901)	(51,425,071)
Loss on disposal of assets		(380,483)	(21,370,613)	(1,920,600)
Fair value adjustment to financial assets		-	9,215	9,992
Interest expenses	2b, 26	-	(9,298)	(8,815)
Insurance expenses		(2,155,004)	(2,331,144)	(1,862,531)
Other expenditure	2b	(3,489,652)	(2,849,690)	(3,274,586)
<b>Total expenditure from operating activities</b>		<b>(257,323,193)</b>	<b>(278,767,926)</b>	<b>(251,649,308)</b>
		<b>(12,121,619)</b>	<b>(21,663,704)</b>	<b>(6,874,037)</b>
<b>Non cash amounts excluded from operating activities</b>	25a	51,709,965	68,802,992	27,461,423
<b>Amount attributed to operating activities</b>		<b>39,588,346</b>	<b>47,139,288</b>	<b>20,587,386</b>

# Statement of Financial Activity (continued)

For the year ended 30 June 2023

	Notes	2023 Budget \$	2023 Actual \$	2022 Actual \$
<b>Investing activities</b>				
Capital grants & subsidies	2a	13,147,284	15,971,754	21,513,088
Share of profit and equity of associates accounted for using the equity method	19a	-	2,172,332	(4,446,834)
Profit on sale of Tamala Park Land		5,000,000	4,583,668	3,855,193
Proceeds from disposal of assets		1,719,090	2,003,410	4,533,809
Total capital expenditure		(82,553,206)	(49,311,326)	(41,061,832)
		<b>(62,686,832)</b>	<b>(24,580,162)</b>	<b>(15,606,576)</b>
Non-cash amounts excluded from investing activities		-	-	-
<b>Amount attributed to investing activities</b>		<b>(62,686,832)</b>	<b>(24,580,162)</b>	<b>(15,606,576)</b>
<b>Financing activities</b>				
Transfers (to) & from Town Planning Schemes and Trust	28	-	572,622	190,385
Payments for principal portion of lease liabilities	10, 26	-	(86,718)	(65,229)
Transfers to reserves	27	(32,661,411)	(43,157,787)	(18,041,935)
Transfers from reserves	27	19,829,986	18,413,647	32,787,552
<b>Amount attributed to financing activities</b>		<b>(12,831,425)</b>	<b>(24,258,236)</b>	<b>14,870,773</b>
<b>Movement in surplus or deficit</b>				
Surplus at the start of the financial year		35,929,911	47,100,019	27,248,436
Amount attributed to operating activities		39,588,346	47,139,288	20,587,386
Amount attributed to investment activities		(62,686,832)	(24,580,162)	(15,606,576)
Amount attributed to financial activities		(12,831,425)	(24,258,236)	14,870,773
<b>Surplus after imposition of general rates</b>	25	<b>-</b>	<b>45,400,909</b>	<b>47,100,019</b>

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

For the year ended 30 June 2023

## 1. Basis of preparation

The financial report of The City of Stirling, which is a Class 1 local government, comprises general purpose financial statements which have been prepared in accordance with the Local Government Act 1995 and accompanying regulations.

### Local Government Act 1995 requirements

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

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

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

### *The Local Government Reporting Entity*

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

All monies held in the Trust Fund are excluded from the financial statements.

A separate statement of those monies appears in note 28 to these financial statements.

### Judgements and estimates

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

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

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

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



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

For the year ended 30 June 2023

## 1. Basis of preparation (continued)

### Initial application of accounting standards

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

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date
- AASB 2021-7a Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]
- AASB 2022-3 Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15
- AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
- AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

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

Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

These amendments have no material impact on the current annual financial report

### New accounting standards for application in future years

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

- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates. This standard will result in a terminology change for significant accounting policies
- AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]

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

For the year ended 30 June 2023

## 2. Revenue and expenses

### a) Revenue

#### Contracts with customers

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/ Refunds/ Warranties	Timing of revenue recognition
Grants, subsidies and contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - sale of stock	Kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

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

#### Revenue recognition

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

For the year ended 30 June 2023

Nature or type	Contracts with customers	Capital grant/ contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	-	-	154,260,298	-	154,260,298
Grants, subsidies and contributions	10,195,634	-	10,030,940	-	20,226,574
Fees and charges	16,750,589	-	2,533,928	-	19,284,517
Registrations, licenses and permits	-	-	3,880,387	-	3,880,387
Service charges	-	-	45,032,855	-	45,032,855
Interest earnings	-	-	7,591,193	-	7,591,193
Other revenue	-	-	1,360,052	4,784,337	6,144,389
Capital grants, subsidies and contributions	-	15,971,754	-	-	15,971,754
<b>Total</b>	<b>26,946,223</b>	<b>15,971,754</b>	<b>224,689,653</b>	<b>4,784,337</b>	<b>272,391,967</b>

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

For the year ended 30 June 2023

## 2. Revenue and expenses (continued)

### a) Revenue (continued)

For the year ended 30 June 2022

Nature or type	Contracts with customers	Capital grant/ contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	-	-	144,434,041	-	144,434,041
Grants, subsidies and contributions	9,922,100	-	9,542,835	-	19,464,935
Fees and charges	18,315,446	-	2,385,140	-	20,700,586
Registrations, licenses and permits	-	-	4,047,753	-	4,047,753
Service charges	-	-	48,768,539	-	48,768,539
Interest earnings	-	-	1,161,736	-	1,161,736
Other revenue	-	-	824,361	3,935,015	4,759,376
Capital grants, subsidies and contributions	-	21,513,088	-	-	21,513,088
<b>Total</b>	<b>28,237,546</b>	<b>21,513,088</b>	<b>211,164,405</b>	<b>3,935,015</b>	<b>264,850,054</b>

Assets and services acquired below fair value	2023 Budget	2023 Actual	2022 Actual
	\$	\$	\$
Contributed assets	-	10,000	-
Recognised volunteer services	-	-	-
	-	<b>10,000</b>	-

The City utilises volunteer services for community services.

Volunteer services are not recognised as revenue as the fair value of the services cannot be reliably estimated.

Interest revenue	2023 Budget	2023 Actual	2022 Actual
	\$	\$	\$
Interest on reserve funds	495,000	2,888,479	333,838
Rates penalty interest	500,000	509,948	457,971
Other interest earnings	782,860	4,192,766	369,927
	<b>1,777,860</b>	<b>7,591,193</b>	<b>1,161,736</b>

Fees and charges relating to rates receivable	2023 Budget	2023 Actual	2022 Actual
	\$	\$	\$
Charges on instalment plans	2,000	1,950	4,020

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

For the year ended 30 June 2023

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

	2023 \$	2022 \$
<b>Auditors remuneration</b>		
Audit of the Annual Financial Report	136,140	138,873
Other services - grant acquittals	-	5,250
	<b>136,140</b>	<b>144,123</b>
<b>Finance costs</b>		
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	9,298	8,815
	<b>9,298</b>	<b>8,815</b>
<b>Other expenditure</b>		
Change in Impairment loss on trade and other receivables	(126,437)	(188,841)
Change in impairment loss on contract assets	149,394	76,316
Donations, sponsorships and contributions	1,873,905	2,035,469
Election and other elected member expenses	952,828	1,351,642
	<b>2,849,690</b>	<b>3,274,586</b>

## 3. Cash and cash equivalents

a) Cash on hand

	Note	2023 \$	2022 \$
Cash at bank and on hand - unrestricted		66,932	64,432
Term deposits		161,665,465	142,490,770
Total cash and cash equivalents	15a	<b>161,732,397</b>	<b>142,555,202</b>
Held as:			
Restricted cash and cash equivalents		111,430,707	86,681,805
Unrestricted cash and cash equivalents		50,301,690	55,808,965
		<b>161,732,397</b>	<b>142,490,770</b>



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

For the year ended 30 June 2023

## 3. Cash and cash equivalents (continued)

### b) Restrictions

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

	Note	2023 \$	2022 \$
Cash and cash equivalents		111,430,707	86,681,805
		<b>111,430,707</b>	<b>86,681,805</b>
Reserves - cash/ investment backed	27	94,897,412	70,153,272
Bonds and other payables	11	13,911,784	14,002,785
Contract liabilities for contracts with customers	12	1,642,924	1,573,105
Grants for transfers for recognisable non-financial assets	12	978,587	952,644
		<b>111,430,707</b>	<b>86,681,806</b>

### Cash and cash equivalents

Cash and cash equivalents includes cash on hand, a municipal fund bank account, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to cash and are subject to an insignificant risk of changes in values.

### Restricted assets

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

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

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

For the year ended 30 June 2023

## 4. Other financial assets

Non-current	2023 \$	2022 \$
<b>Financial assets at fair value through profit and loss</b>		
Units in Local Government House Trust at 1 July	194,509	184,517
Increase in value of units	9,215	9,992
<b>Units in Local Government House Trust at 30 June</b>	<b>203,724</b>	<b>194,509</b>

The City, along with other Local Government Authorities is a beneficiary of the Local Government Unit Trust. The City of Stirling holds 10 units in the Trust. As set out in the Trust Deed units in the Trust can only be issued to Local Government Authorities recognised under the Local Government Act and cannot be commercially traded.

### Financial assets at fair value through profit and loss

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

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

### Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 20.

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

For the year ended 30 June 2023

## 5. Trade and other receivables

### a) Trade and other receivables – current

	2023 \$	2022 \$
Rates and statutory receivables	6,746,690	6,488,300
Trade and other receivables	7,901,452	8,592,218
GST Receivable	1,525,281	1,057,852
	<b>16,173,423</b>	<b>16,138,370</b>
Less: Allowance for impairment of trade and other receivables	(327,137)	(453,574)
	<b>15,846,286</b>	<b>15,684,796</b>

### b) Trade and other receivables - non-current

	2023 \$	2022 \$
Pensioner's rates and ESL deferred	1,543,424	1,783,422
Prepayments	-	519,000
Deferred debtors	187,266	201,864
	<b>1,730,690</b>	<b>2,504,286</b>

Disclosure of opening and closing balances related to contracts with customer:

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

	30 June 2023 Actual \$	30 June 2022 Actual \$	30 June 2021 Actual \$
Trade and other receivables from contracts with customers	7,901,452	8,592,218	10,926,104
Contract assets	1,926,658	1,791,725	1,676,982
Allowance for impairment of trade and other receivables	(327,137)	(453,574)	(570,814)
Allowance for impairment of contract assets	(214,082)	(64,688)	(59,975)
<b>Total trade and other receivables from contracts with customers</b>	<b>9,286,891</b>	<b>9,865,681</b>	<b>11,972,297</b>

### c) Other assets

	2023 \$	2022 \$
Interest due on investments not matured	1,388,768	224,748
Current prepayments	1,968,885	1,540,612
	<b>3,357,653</b>	<b>1,765,360</b>

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

For the year ended 30 June 2023

## 5. Trade and other receivables (continued)

### Significant accounting policies

#### Rates and statutory receivables

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines. Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

#### Trade and other receivables

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

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

#### Measurement

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

#### Classification and subsequent measurement

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

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

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

#### 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 20.

#### Other current assets

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



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

For the year ended 30 June 2023

## 6. Inventories

Inventories - Current	2023 \$	2022 \$
Construction materials & fuel	445,703	359,498
Land held for resale:		
Cost of acquisition	45,670	68,635
Development costs	4,528,396	4,748,470
<b>Total</b>	<b>5,019,769</b>	<b>5,176,603</b>

Inventories - Non-current	2023 \$	2022 \$
Land held for resale:		
Cost of acquisition	188,067	256,702
Transfer to current inventory	(20,121)	(68,635)
<b>Total</b>	<b>167,946</b>	<b>188,067</b>

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

Land held for sale	Current \$	Non-current \$	Total \$
<b>Balance brought forward as at 1 July 2022</b>	4,817,105	188,067	5,005,172
Land disposed/ sold during the year	(43,086)	-	(43,086)
Land transferred from non current to current inventory	20,121	(20,121)	-
Development costs	(220,074)	-	(220,074)
<b>Balance carried forward as at 30 June 2023</b>	<b>4,574,066</b>	<b>167,946</b>	<b>4,742,012</b>

### Significant accounting policies

#### General

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### Land held for resale

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed onto the buyer at this point.

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

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

For the year ended 30 June 2023

## 7. Contract assets

Current	2023 \$	2022 \$
Contract assets	1,926,658	1,791,725
Allowance for impairment of contract assets	(214,082)	(64,688)
<b>Total</b>	<b><u>1,712,576</u></b>	<b><u>1,727,037</u></b>

### Significant accounting policies

#### 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 in note 5b.

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

For the year ended 30 June 2023

## 8. Property, plant, equipment and infrastructure

### a) Movements in balances of property, plant & equipment

	Note	Land \$	Buildings \$	Total land and buildings \$
<b>Balance as at 1 July 2021</b>		<b>413,601,517</b>	<b>288,491,754</b>	<b>702,093,271</b>
Transfer to Inventory - land held for sale		(303,476)	-	(303,476)
Additions		-	119,255	119,255
Gifted assets		-	-	-
Disposals		(2,280,000)	(1,334,835)	(3,614,835)
Revaluation increments / (decrements) transferred to revaluation surplus		(12,575,382)	-	(12,575,382)
Depreciation (expense)	8e	-	(6,288,327)	(6,288,327)
Transfers		-	4,642,590	4,642,590
<b>Balance as at 30 June 2022</b>		<b>398,442,659</b>	<b>285,630,437</b>	<b>684,073,096</b>
<b>Comprises:</b>				
Gross balance amount at 30 June 2022		398,442,659	309,916,211	708,358,870
Accumulated depreciation at 30 June 2022		-	(24,285,775)	(24,285,775)
<b>Balance at 30 June 2022</b>		<b>398,442,659</b>	<b>285,630,436</b>	<b>684,073,095</b>
<b>Balance at 1 July 2022</b>		<b>398,442,659</b>	<b>285,630,436</b>	<b>684,073,095</b>
Additions		1,700,000	-	1,700,000
Disposals		(850,000)	(7,244,452)	(8,094,452)
Revaluation increments / (decrements) transferred to revaluation surplus		47,197,000	21,383,545	68,580,545
Depreciation (expense)	8e	-	(6,532,645)	(6,532,645)
Transfers		-	15,199,010	15,199,010
<b>Balance as at 30 June 2023</b>		<b>446,489,659</b>	<b>308,435,894</b>	<b>754,925,553</b>
<b>Comprises:</b>				
Gross balance amount at 30 June 2023		446,489,659	308,435,894	754,925,553
Accumulated depreciation at 30 June 2023		-	-	-
<b>Balance at 30 June 2023</b>		<b>446,489,659</b>	<b>308,435,894</b>	<b>754,925,553</b>

The fair value of property, plant and equipment is determined at least every five years in accordance with the regulatory framework, was assessed and level of fair value hierarchy. Additions since date of valuations are shown at cost. At the end of each reporting period

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

For the year ended 30 June 2023

Plant and equipment	Mobile vehicle and plant	Furniture and equipment	Recreation equipment	Assets under construction	Total
\$	\$	\$	\$	\$	\$
<b>10,149,800</b>	<b>20,471,354</b>	<b>3,992,210</b>	<b>3,163,425</b>	<b>8,046,483</b>	<b>747,916,543</b>
-	-	-	-	-	(303,476)
259,855	3,407,697	467,023	368,537	9,565,334	14,187,701
-	-	-	-	-	-
(5,288)	(1,268,515)	(7,142)	(109,979)	(10,165)	(5,015,924)
-	-	-	-	-	(12,575,382)
(1,461,411)	(4,550,150)	(1,391,716)	(635,746)	-	(14,327,350)
468,966	235,819	386,303	590,670	(3,377,478)	2,946,870
<b>9,411,922</b>	<b>18,296,205</b>	<b>3,446,678</b>	<b>3,376,907</b>	<b>14,224,174</b>	<b>732,828,982</b>
14,420,753	30,775,361	8,387,827	5,470,873	14,224,174	781,637,858
(5,008,830)	(12,479,156)	(4,941,149)	(2,093,966)	-	(48,808,876)
<b>9,411,923</b>	<b>18,296,205</b>	<b>3,446,678</b>	<b>3,376,907</b>	<b>14,224,174</b>	<b>732,828,982</b>
<b>9,411,923</b>	<b>18,296,205</b>	<b>3,446,678</b>	<b>3,376,907</b>	<b>14,224,174</b>	<b>732,828,982</b>
106,744	4,424,860	521,884	48,456	14,221,699	21,023,643
(5,608)	(772,618)	(15,743)	(31,170)	-	(8,919,591)
-	-	-	-	-	68,580,545
(1,369,223)	(3,491,869)	(1,004,715)	(656,961)	-	(13,055,413)
966,711	199,404	803,569	241,042	(16,661,479)	748,257
<b>9,110,547</b>	<b>18,655,982</b>	<b>3,751,673</b>	<b>2,978,274</b>	<b>11,784,394</b>	<b>801,206,423</b>
15,474,658	33,695,678	9,681,293	5,667,806	11,784,394	831,229,382
(6,364,111)	(15,039,696)	(5,929,620)	(2,689,532)	-	(30,022,959)
<b>9,110,547</b>	<b>18,655,982</b>	<b>3,751,673</b>	<b>2,978,274</b>	<b>11,784,394</b>	<b>801,206,423</b>

Local Government (Financial Management) Regulation 17A (2). Refer to Note 8(b) for the year in which each asset category period the valuation is reviewed and where appropriate fair value is updated to reflect current market conditions.

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

For the year ended 30 June 2023

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

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

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
<b>i. Fair value</b>					
Land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuers	June 2023	Price per hectare / market borrowing rate
Non - specialised buildings	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuers	June 2023	Price per square metre / market borrowing rate
Specialised buildings	3	Cost approach using replacement cost to calculate value, and then adjusted to take account of accumulated depreciation.	Independent registered valuers and Management Valuation	June 2023	Construction costs (Level 2) and current condition, residual values and remaining useful life assessment inputs (Level 3)

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

During the period there were no changes in the valuation techniques used by the City to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.



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

For the year ended 30 June 2023

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

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

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
<b>ii. Cost</b>					
Plant & equipment	3	Cost approach using cost of goods or service at acquisition	Cost	Not applicable	Not applicable
Mobile fleet & plant	3	Cost approach using cost of goods or service at acquisition	Cost	Not applicable	Not applicable
Furniture & office equipment	3	Cost approach using cost of goods or service at acquisition	Cost	Not applicable	Not applicable
Recreation equipment	3	Cost approach using cost of goods or service at acquisition	Cost	Not applicable	Not applicable
Assets under construction	2	Cost approach using cost of goods or service at acquisition	Cost	Not applicable	Not applicable

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

For the year ended 30 June 2023

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

### c) Movements in balances of infrastructure

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

	Note	Roads \$	Drainage \$	Footpaths \$
<b>Balance as at 1 July 2021</b>		<b>1,106,017,405</b>	<b>269,389,707</b>	<b>116,955,771</b>
Additions		-	-	-
Revaluation increments / (decrements) transferred to revaluation surplus	14	-	-	-
Revaluation (loss) / reversals transferred to profit or loss		-	-	-
Depreciation (expense)	8e	(22,297,464)	(5,809,091)	(2,559,728)
Transfers		18,190,913	6,391,924	2,229,697
<b>Balance as at 30 June 2022</b>		<b>1,101,910,854</b>	<b>269,972,540</b>	<b>116,625,740</b>
<b>Comprises:</b>				
Gross balance amount at 30 June 2022		1,146,194,766	281,518,381	121,678,535
Accumulated depreciation at 30 June 2022		(44,283,912)	(11,545,841)	(5,052,795)
<b>Balance at 30 June 2022</b>		<b>1,101,910,854</b>	<b>269,972,540</b>	<b>116,625,740</b>
<b>Balance at 1 July 2022</b>		<b>1,101,910,854</b>	<b>269,972,540</b>	<b>116,625,740</b>
Additions		-	-	-
Disposals		-	-	-
Depreciation (expense)	8e	(22,728,647)	(5,901,657)	(2,611,260)
Transfers		13,492,297	3,523,106	1,728,692
<b>Balance as at 30 June 2023</b>		<b>1,092,674,504</b>	<b>267,593,989</b>	<b>115,743,172</b>
<b>Comprises:</b>				
Gross balance amount at 30 June 2023		1,159,687,063	285,041,487	123,407,227
Accumulated depreciation at 30 June 2023		(67,012,559)	(17,447,498)	(7,664,055)
<b>Balance at 30 June 2023</b>		<b>1,092,674,504</b>	<b>267,593,989</b>	<b>115,743,172</b>

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

For the year ended 30 June 2023

Other engineering infrastructure	Reserves	Reticulation and other parks	Lighting	Assets under construction	Total
\$	\$	\$	\$	\$	\$
<b>9,331,420</b>	<b>59,343,409</b>	<b>62,214,384</b>	<b>21,729,150</b>	<b>16,606,951</b>	<b>1,661,588,197</b>
-	-	-	-	32,886,161	32,886,161
3,755,535	-	(5,621,867)	-	-	(1,866,332)
-	-	(5,082,006)	(3,432,203)	-	(8,514,209)
(605,305)	-	(4,152,045)	(1,232,870)	-	(36,656,503)
6,646,262	2,019,587	3,831,192	3,065,536	(45,321,981)	(2,946,870)
<b>19,127,912</b>	<b>61,362,996</b>	<b>51,189,658</b>	<b>20,129,613</b>	<b>4,171,131</b>	<b>1,644,490,444</b>
19,141,648	61,362,996	51,189,658	20,129,613	4,171,131	1,705,386,728
(13,736)	-	-	-	-	(60,896,284)
<b>19,127,912</b>	<b>61,362,996</b>	<b>51,189,658</b>	<b>20,129,613</b>	<b>4,171,131</b>	<b>1,644,490,444</b>
<b>19,127,912</b>	<b>61,362,996</b>	<b>51,189,658</b>	<b>20,129,613</b>	<b>4,171,131</b>	<b>1,644,490,444</b>
-	-	-	-	31,373,621	31,373,621
-	(13,770,422)	-	-	-	(13,770,422)
(781,156)	-	(3,426,830)	(1,266,250)	-	(36,715,800)
75,202	2,271,820	3,216,709	1,403,351	(26,274,262)	(563,085)
<b>18,421,958</b>	<b>49,864,394</b>	<b>50,979,537</b>	<b>20,266,714</b>	<b>9,270,490</b>	<b>1,624,814,758</b>
19,216,849	49,864,394	54,406,367	21,532,964	9,270,490	1,722,426,841
(794,891)	-	(3,426,830)	(1,266,250)	-	(97,612,083)
<b>18,421,958</b>	<b>49,864,394</b>	<b>50,979,537</b>	<b>20,266,714</b>	<b>9,270,490</b>	<b>1,624,814,758</b>

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

For the year ended 30 June 2023

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

### d) Fair value measurements of infrastructure

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

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

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

For the year ended 30 June 2023

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

### e) Significant accounting policies

#### Fixed assets

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

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

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

#### *Initial recognition and measurement between mandatory revaluation dates*

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

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

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

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

Individual assets that are land, buildings and infrastructure acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next revaluation consistent with *Financial Management Regulation 17A(4)*.

#### Revaluation

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

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

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



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

For the year ended 30 June 2023

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

### e) Significant accounting policies (continued)

#### Depreciation

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

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

#### *Depreciation on Revaluation*

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

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

#### *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.

#### **Impairment**

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 or losses on disposal**

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

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

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

For the year ended 30 June 2023

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

### e) Significant accounting policies (continued)

#### Depreciation rates

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

Artwork	Not Depreciated
Artwork - public	50 years
Buildings	10 to 50 years
Furniture & equipment	3 to 10 years
Plant & equipment	6 to 20 years
Mobile vehicles & plant	1 to 10 years
Recreation equipment	5 to 10 years
Roads	20 years to infinite
Drainage	30 to 100 years
Footpaths	15 to 60 years
Other engineering infrastructure	15 to 150 years
Reticulation & other parks infrastructure	10 to 75 years
Lighting	20 to 35 years
Reserves	Not Depreciated
Right-of-use (plant and equipment)	Based on the remaining lease term
Intangible assets - computer software licence	5 years

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

#### Fully depreciated assets still in use

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

By asset class	2023 \$	2022 \$
Plant & Equipment	1,233	1,711
Mobile Vehicles & Plant	2,020,850	2,957,421
Furniture & Office Equipment	990	70,463
Recreation Equipment	23,848	6,548
	<b>2,046,921</b>	<b>3,036,143</b>

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

For the year ended 30 June 2023

## 9. Intangible assets

Intangible assets	Computer Software \$	Work in progress \$	Total \$
<b>Balance as at 1 July 2021</b>	2,283,163	311,547	2,594,710
Additions	813,243	-	813,243
Amortisation	(384,163)	-	(384,163)
Work in progress	-	134,391	134,391
<b>Balance as at 30 June 2022</b>	<b>2,712,243</b>	<b>445,938</b>	<b>3,158,180</b>
<b>Balance as at 1 July 2022</b>	<b>2,712,243</b>	<b>445,938</b>	<b>3,158,181</b>
Additions	288,506	-	288,506
Amortisation	(504,865)	-	(504,865)
Work in progress	-	87,659	87,659
<b>Balance as at 30 June 2023</b>	<b>2,495,884</b>	<b>533,597</b>	<b>3,029,481</b>

### 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 City are recognised as intangible assets where the following criteria are met:

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

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

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

Information on useful life, amortisation rates and amortisation methods can be found in Note 8e.

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

For the year ended 30 June 2023

## 10. Leases

### a) Right-of-use assets

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

	Right of use assets – land \$	Right of use assets - plant and equipment \$	Right of use assets – Total \$
<b>Balance as at 1 July 2021</b>	<b>2,200</b>	<b>117,423</b>	<b>119,623</b>
Additions/terminations	(100)	30,883	30,783
Depreciation expense	-	(57,055)	(57,055)
<b>Balance as at 30 June 2022</b>	<b>2,100</b>	<b>91,251</b>	<b>93,351</b>
<b>Balance as at 1 July 2022</b>	<b>2,100</b>	<b>91,251</b>	<b>93,351</b>
Additions/terminations	(100)	126,221	126,121
Depreciation (expense)	-	(76,823)	(76,823)
<b>Balance as at 30 June 2023</b>	<b>2,000</b>	<b>140,649</b>	<b>142,649</b>

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

	2023 Actual \$	2022 Actual \$
Depreciation of right-of-use assets	76,823	57,055
Interest expense on lease liabilities	9,298	8,815
Gains from sale and leaseback transactions	-	180
<b>Total amount recognised in the statement of comprehensive income</b>	<b>86,121</b>	<b>66,050</b>
Total cash outflow from leases	9,298	8,815

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

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

For the year ended 30 June 2023

## 10. Leases (continued)

### b) Lease liabilities

	2023 Actual \$	2022 Actual \$
Current	79,514	46,998
Non-current	67,092	50,805
	<b>146,606</b>	<b>97,803</b>

The City has various leases relating to plant and equipment. The lease term varies between 2 and 5 years. The measurement of lease liabilities does not include variable lease payments and any future cash outflows associated with leases not yet commenced to which the City is committed.

Refer to Note 26 for details of lease liabilities.

The City has not revalued the right of use assets relating to plant and equipment as the difference between the fair value and carrying amount is immaterial.

### Significant accounting policies

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

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

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

### Right-of-use assets - valuation measurement

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

Refer to Note 8 under revaluation for details on the significant accounting policies applying to vested improvements.

### Right-of-use assets - depreciation

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

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

For the year ended 30 June 2023

## 10. Leases (continued)

### c) Lessor - Property, Plant and Equipment Subject to Lease

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

	2023 Actual \$	2022 Actual \$
Less than 1 year	2,655,343	2,490,740
1 to 2 years	2,723,587	2,655,343
2 to 3 years	2,945,294	2,723,587
3 to 4 years	3,029,453	2,945,294
4 to 5 years	3,116,137	3,029,453
> 5 years	17,847,104	17,393,820

### Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease

	2023 Actual \$	2022 Actual \$
Rental Income	2,490,740	2,854,648

The City leases premises to clubs and other community institutions with rentals payable monthly. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. These premises are not considered investment property as they are leased for use in the supply of services to the community.

Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Although the City is exposed to changes in the residual value at the end of the current leases, the City group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

### Significant accounting policies

Upon entering into each contract as a lessor, the City assesses if the lease is a finance or operating lease. The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (e.g. legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term. When a contract is determined to include lease and non-lease components, the City applies AASB 15 to allocate the consideration under the contract to each component.



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

For the year ended 30 June 2023

## 11. Trade and other payables

Current	2023 \$	2022 \$
Trade payables	9,434,805	10,231,055
Accrued creditors	14,947,445	17,456,983
Accrued payroll liabilities	2,883,582	2,246,726
Income received in advance	3,491,719	3,145,411
Bonds and deposits held	13,911,784	14,002,785
	<b>44,669,335</b>	<b>47,082,960</b>

### Significant accounting policies

#### Financial liabilities

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

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

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and any 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 normally paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short term nature.

#### Prepaid rates

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

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

For the year ended 30 June 2023

## 12. Other Liabilities

Current	2023 \$	2022 \$
Contract liabilities from contracts with customers	1,642,924	1,573,105
Capital grant/contributions liabilities	978,587	952,644
	<b>2,621,511</b>	<b>2,525,749</b>

Reconciliation of changes in contract liabilities	2023 \$	2022 \$
Opening balance	1,573,105	1,548,884
Additions	1,642,924	1,573,105
Revenue from contracts with customers included as a contract liability at the start of the period	(1,573,105)	(1,548,884)
	<b>1,642,924</b>	<b>1,573,105</b>

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

Reconciliation of changes in capital grant/ contributions	2023 \$	2022 \$
Opening balance	952,644	1,382,406
Additions	978,587	952,644
Revenue from capital grant/ contributions held as a liability at the start of the period	(952,644)	(1,382,406)
	<b>978,587</b>	<b>952,644</b>

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

	Contract liabilities \$	Liabilities from transfers for recognisable non-financial assets \$
Less than 1 year	<b>1,642,924</b>	<b>978,587</b>

### 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 performance 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

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

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

For the year ended 30 June 2023

## 13. Employee related provisions

	Provision for annual leave \$	Provision for long service leave \$	Total \$
<b>Opening balance as at 1 July 2022</b>			
Current	8,029,857	10,448,166	18,478,023
Non-current	-	1,179,049	1,179,049
	<b>8,029,857</b>	<b>11,627,215</b>	<b>19,657,072</b>
Additional provisions	821,293	1,423,009	2,244,302
Amounts used	(1,467,189)	(769,214)	(2,236,403)
<b>Balance as at 30 June 2023</b>	<b>7,383,961</b>	<b>12,281,010</b>	<b>19,664,971</b>
Comprises			
Current	7,383,961	11,025,292	18,409,253
Non current	-	1,255,718	1,255,718
	<b>7,383,961</b>	<b>12,281,010</b>	<b>19,664,971</b>

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:	2023 \$	2022 \$
Less than 12 months after the reporting date:	2,359,796	2,041,162
More than 12 months from the reporting date	17,305,175	17,615,910
	<b>19,664,971</b>	<b>19,657,072</b>

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

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

For the year ended 30 June 2023

## 13. Employee related provisions (continued)

### Significant accounting policies

#### Employee benefits

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

#### Short-term employee benefits

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

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

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

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

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

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

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

For the year ended 30 June 2023

## 14. Revaluation surplus

	2023 Actual Opening balance	2023 Actual Changes on revaluation of assets	2023 Actual Realisation on disposal of assets	2023 Actual Closing balance
	\$	\$	\$	\$
a) Plant & equipment revaluation reserve	6,265	-	-	6,265
b) Mobile vehicle and plant revaluation reserve	44,917	-	-	44,917
c) Furniture and office equipment revaluation reserve	865,752	-	(13,140)	852,612
d) Recreation equipment revaluation reserve	13,690	-	-	13,690
e) Roads revaluation reserve	614,245,131	-	-	614,245,131
f) Drainage revaluation reserve	149,834,575	-	-	149,834,575
g) Footpaths revaluation reserve	62,891,587	-	-	62,891,587
h) Other engineering infrastructure revaluation reserve	16,886,312	-	-	16,886,312
i) Car parks on reserves revaluation reserve	31,827,308	-	-	31,827,308
j) Other parks infrastructure revaluation reserve	-	-	-	-
k) Reticulation revaluation reserve	-	-	-	-
l) Land revaluation reserve	380,504,835	47,197,000	(849,998)	426,851,837
m) Building revaluation reserve	110,760,187	21,383,545	(5,450,478)	126,693,254
n) Equity accounted investments				
- Tamala Park Regional Council	2,118	302,882	-	305,000
- Mindarie Regional Council	14,588,621	3,421,218	-	18,009,839
<b>Total</b>	<b>1,382,471,298</b>	<b>72,304,645</b>	<b>(6,313,616)</b>	<b>1,448,462,327</b>

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

For the year ended 30 June 2023

2022 Actual Opening balance	2022 Actual Changes on revaluation of assets	2022 Actual Realisation on disposal of assets	2022 Actual Closing balance
\$	\$	\$	\$
6,265	-	-	6,265
94,834	-	(49,917)	44,917
866,232	-	(480)	865,752
13,690	-	-	13,690
614,245,131	-	-	614,245,131
149,834,575	-	-	149,834,575
62,891,587	-	-	62,891,587
13,130,780	3,755,532	-	16,886,312
31,827,308	-	-	31,827,308
5,066,854	(5,066,854)	-	-
555,012	(555,012)	-	-
395,270,088	(12,575,382)	(2,189,871)	380,504,835
112,038,664	-	(1,278,477)	110,760,187
2,118	-	-	2,118
7,875,197	6,713,424	-	14,588,621
<b>1,393,718,335</b>	<b>(7,728,292)</b>	<b>(3,518,745)</b>	<b>1,382,471,298</b>



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

For the year ended 30 June 2023

## 15. Notes to the statement of cash flows

### a) Reconciliation of cash

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

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

	2023 \$	2022 \$
Cash at bank	66,932	64,432
Term deposits	161,665,465	142,490,770
<b>Total cash &amp; cash equivalents</b>	<b><u>161,732,397</u></b>	<b><u>142,555,202</u></b>

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

	2023 \$	2022 \$
Net result	987,331	5,533,201
Non-cash items:		
Increase in impairment	22,957	343,502
Gain on LG Unit trust	(9,215)	(9,992)
Loss on revaluation of assets	-	8,514,209
Net (Profit)/ loss on disposal of non-current assets	20,686,604	482,295
Gifted and acquired assets	(10,000)	-
Depreciation	50,352,901	51,425,071
Changes in assets and liabilities:		
Increase/(decrease) in employee entitlements	7,900	(559,724)
Increase/(decrease) in payables & provisions	(2,413,665)	2,619,399
Increase/(decrease) in income in advance	(827,308)	(65,374)
(Increase)/ decrease in receivables	401,871	(1,001,195)
(Increase) in prepayments	(428,273)	(299,769)
(Increase)/decrease in inventory	176,955	(5,059,537)
(Increase)/ decrease in investments	(5,948,467)	591,641
Increase/(decrease) in contract liabilities	95,762	(405,541)
(Increase) in contract assets	(134,933)	(112,558)
Decrease in lease liabilities	18,021	34,232
Capital grants and subsidies	(11,651,820)	(21,322,703)
<b>Net Cash from Operating Activities</b>	<b><u>51,326,621</u></b>	<b><u>40,707,157</u></b>

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

For the year ended 30 June 2023

## 15. Notes to the statement of cash flows (continued)

### c) Credit standby arrangements

	2023 \$	2022 \$
Bank overdraft limit	500,000	500,000
Bank overdraft at reporting date	-	-
<b>Total amount of credit unused</b>	<b>500,000</b>	<b>500,000</b>

## 16. Contingent liabilities

### Contaminated sites

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

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

Until the City investigates to determine the presence and scope of contamination, assess the risk, and agree with DWER on the need and criteria for remediation of a risk-based approach, the City is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the DWER Guidelines.

## 17. Capital commitments

Capital expenditure commitments	2023 \$	2022 \$
Contracted for:		
- capital expenditure projects	10,665,010	9,596,439
- plant & equipment purchases	21,995,290	29,092,728
	<b>32,660,300</b>	<b>38,689,167</b>
Payable:		
- not later than one year	32,660,300	38,689,167

The capital expenditure projects outstanding at the end of the current and previous reporting period represent various constructions works throughout the City.

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

For the year ended 30 June 2023

## 18. Related party transactions

### a) Elected member remuneration

	2023 Actual \$	2022 Actual \$
Meeting fees	495,166	510,228
Mayors allowance	91,997	89,753
Deputy mayors allowance	22,999	22,438
Travelling expenses	11,798	15,056
Telecommunications allowance	52,500	28,000
	<b>674,460</b>	<b>665,475</b>

### b) Key Management Personnel (KMP) compensation

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

	Note	2023 Actual \$	2022 Actual \$
Short-term employee benefits		1,541,183	1,455,751
Post-employment benefits		127,067	124,305
Other long-term benefits		35,523	143,058
Termination benefits		-	79,843
Council member costs	18a)	674,460	665,475
		<b>2,378,233</b>	<b>2,468,432</b>

#### **Short-term employee benefits**

These amounts include all salary, paid leave and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to elected members.

#### **Post-employment benefits**

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

#### **Other long-term benefits**

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

#### **Termination benefits**

These amounts represent termination benefits paid to KMP.

#### **Council member costs**

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

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

For the year ended 30 June 2023

## 18. Related party transactions (continued)

The City's main related parties are as follows:

### i. Key management personnel

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

### ii. Other Related Parties

Outside of normal citizen type transactions with the City, there were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

### iii. Entities subject to significant influence by the City

There were no such entities requiring disclosure during the current or previous year.

### iv. Associated entities accounted for under the equity method

The City is involved in associated arrangements with Tamala Park Regional Council and Mindarie Regional Council. See details of transactions in notes 18c and 18d.

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.

The City's main related parties are as follows:

### c) Tamala Park Regional Council

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

	2023 Actual \$	2022 Actual \$
Fees and charges	602,727	501,507
Materials & contracts other works	627,461	465,794
Distributions received	6,666,664	3,333,332

### d) Mindarie Regional Council

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

	2023 Actual \$	2022 Actual \$
Fees and charges	305,212	333,125
Materials & contracts other works	10,000,939	9,870,485
Investments	-	28,333,333
<b>Amounts Payable to Related Parties:</b>		
Trade and Other Payables	267,062	365,469

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

For the year ended 30 June 2023

## 19. Investment in associates

### a) Investment in associates

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

Name of entity	% of ownership interest	2023 Actual \$	2022 Actual \$
Mindarie Regional Council	33.33	44,238,270	38,673,710
Tamala Park Regional Council	33.33	15,613,307	18,171,964
<b>Total equity accounted investments</b>		<b>59,851,577</b>	<b>56,845,674</b>

Share of profit/(loss) of associate accounted for using the equity method	Note	2023 Actual \$	2022 Actual \$
Share of profit/(loss) of Mindarie Regional Council	19b	2,143,342	(4,217,209)
Share of profit/(loss) of Tamala Park Regional Council	19c	28,990	(229,625)
		<b>2,172,332</b>	<b>(4,446,834)</b>

### b) Mindarie Regional Council

The City, along with 6 other Councils is a member of the Mindarie Regional Council. The Mindarie Regional Council's objective is to establish and operate a long term refuse disposal site on Mindarie Super lot 118.

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

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

Details of this contingent liability are provided in note 19(d).

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

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

For the year ended 30 June 2023

## 19. Investment in associates (continued)

Summarised statement of comprehensive income	Note	2023 Actual \$	2022 Actual \$
Revenue		39,111,122	43,272,034
Expenses	22	(32,681,096)	(56,069,051)
Profit on disposal of assets		-	145,389
Net Result for the period		6,430,026	(12,651,628)
Other comprehensive income		10,263,654	20,140,272
<b>Total comprehensive income Mindarie Regional Centre</b>		<b>16,693,680</b>	<b>7,488,644</b>
<b>City's share of total comprehensive income</b>		<b>5,564,560</b>	<b>2,496,215</b>

Summarised statement of financial position	2023 Actual \$	2022 Actual \$
Current assets	64,273,412	50,281,492
Non current assets	100,324,693	95,598,663
<b>Total assets</b>	<b>164,598,105</b>	<b>145,880,155</b>
Current liabilities	(5,528,381)	(5,605,777)
Non current liabilities	(26,354,914)	(24,253,248)
<b>Total liabilities</b>	<b>(31,883,295)</b>	<b>(29,859,025)</b>
<b>Net assets</b>	<b>132,714,810</b>	<b>116,021,130</b>

Reconciliation to carrying amounts	2023 Actual \$	2022 Actual \$
Opening net assets 1 July	116,021,130	23,532,486
Profit/(Loss) for the period	6,430,026	(12,651,628)
Contribution to equity	-	85,000,000
Other comprehensive income	10,263,654	20,140,272
<b>Closing net assets 30 June</b>	<b>132,714,810</b>	<b>116,021,130</b>

Carrying amount of equity accounted investments	2023 Actual \$	2022 Actual \$
Carrying amount at 1 July	38,673,710	7,844,162
- share of associate's net profit/(loss)	2,143,342	(4,217,209)
- share of associate's other comprehensive income	3,421,218	6,713,424
- contribution to equity in associate	-	28,333,333
<b>Carrying amount at 30 June</b>	<b>44,238,270</b>	<b>38,673,710</b>

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

For the year ended 30 June 2023

## 19. Investment in associates (continued)

### c) Tamala Park Regional Council (TPRC) (Renamed as Catalina Regional Council on 1 August 2023)

The City has a 1/3rd interest in Tamala Park Regional Council (renamed as Catalina Regional Council on 1 August 2023). The Regional Council was formed to manage the development and sale of land at Catalina Estate on behalf of six local governments.

The City has determined it has significant influence over the Regional Council as it holds 33.33 percent of the voting rights as the City has representation on Council and participates in policy-making decisions including the decisions regarding contributions and distributions.

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

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

Summarised statement of comprehensive income	2023 Actual \$	2022 Actual \$
Revenue	1,277,146	322,628
Expenses	(1,166,159)	(1,008,002)
Finance costs	(3,614)	(1,757)
Profit/(loss) on disposal of assets	(20,403)	(1,744)
Net Result for the period	86,970	(688,875)
Other comprehensive income	908,647	-
<b>Total comprehensive income Tamala Park Regional Council</b>	<b>995,617</b>	<b>(688,875)</b>
<b>City's share of total comprehensive income</b>	<b>331,872</b>	<b>(229,625)</b>

Summarised statement of financial position	2023 Actual \$	2022 Actual \$
Current assets	44,873,314	53,079,035
Non current assets	2,640,157	1,786,027
<b>Total assets</b>	<b>47,513,471</b>	<b>54,865,062</b>
Current liabilities	(559,922)	(216,486)
Non current liabilities	(113,627)	(132,683)
<b>Total liabilities</b>	<b>(673,549)</b>	<b>(349,169)</b>
<b>Net assets</b>	<b>46,839,922</b>	<b>54,515,893</b>



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

For the year ended 30 June 2023

## 19. Investment in associates (continued)

Reconciliation to carrying amounts	2023 Actual \$	2022 Actual \$
Opening net assets 1 July	54,515,893	54,969,292
Profit/(loss) for the period	86,970	(688,875)
Contribution to equity	(8,671,588)	235,476
Other comprehensive income	908,647	-
<b>Closing net assets 30 June</b>	<b>46,839,922</b>	<b>54,515,893</b>
Carrying amount of equity accounted investments	2023 Actual \$	2022 Actual \$
Carrying amount at 1 July	18,171,964	18,323,097
- share of profit/(loss)	28,990	(229,625)
- share of other comprehensive income	302,882	-
- contributed equity in associate	(475,581)	262,110
- capital contributions - net	4,251,716	3,149,714
- distributions received	(6,666,664)	(3,333,332)
<b>Carrying amount at 30 June</b>	<b>15,613,307</b>	<b>18,171,964</b>

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

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

For the year ended 30 June 2023

## 19. Investment in associates (continued)

### d) Contingent liabilities from investments in associates

#### i) Contaminated site - Tamala Park landfill site

The most recent 2021 Mandatory Auditor's Report (MAR) report recommended that further works were required to close out the following:

- The adequacy of the landfill gas monitoring network including confirmation of screening intervals.
- Assessment of the potential for off-site migration of landfill gas particularly with relation to preferential pathways.
- Ongoing assessment of landfill gas and groundwater as part of an ongoing site management plan to inform long term trends and to inform the need or otherwise for mitigation measures.
- The MAR noted further long-term assessment of PFAS (in addition to other COPCs in groundwater including arsenic, nickel, ammonia, benzene and pathogens) would be appropriate.

The October 2023 MAR reports on those further investigations completed and provides an update on the conditions of the source site and affected site. The MRC MAR report is required by the Department of Water and Environmental Regulation (DWER) in respect of the Tamala Park Waste Management Facility site.

The purpose of the 2023 MAR audit was to:

- Confirm that the investigations undertaken adequately characterized the contamination status of the site.
- Confirm whether potentially significant risks to human health, the environment or environmental values exist on-site or off-site.
- Confirm the suitability of the site for the current and proposed land uses.
- Recommend a site classification under the Contaminated Sites Act 2003

The MAR auditor has determined, based on the analysis contained in the assessed reports, that:

- Source Site: Remains suitable for ongoing use as a Class II landfill, subject to implementation of a site management plan to prevent exposure to landfill gas, soil and groundwater contamination
- Affected Site: Remains suitable for current use as a development "buffer zone". The site is situated to the north of the MRC landfill.

The MAR report summary of findings for the Source and Affected sites are listed below:

#### **Source Site:**

- Soil – No soil investigations were completed in 2021 and 2023
- Groundwater – Groundwater results indicate impact to aquifer immediately below the landfill. Elevated levels of contaminants were above the relevant drinking water guidelines, some also exceeded the criteria for non-potable water use. No contaminants of potential concern (COPCs) were detected in samples collected from the onsite abstraction bore above the non-potable criteria.

Landfill gas – The site is considered capable of generating a significant quantity of landfill gases and vapours. Methane was detected at elevated levels in boreholes outside the waste mass and along the northern wall of the landfill. The extraction system appears to be effectively mitigating methane with negligible detections outside of the extraction well network. There are indications of fugitive emissions through damages areas of the cap which would require repair and maintenance.

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

For the year ended 30 June 2023

## 19. Investment in associates (continued)

### d) Contingent liabilities from investments in associates (continued)

#### Affected Site:

- Groundwater results indicate some contaminants above the relevant drinking water guidelines but were below criteria for non-potable water uses. Certain COPCs detected above drinking water criteria were considered to be a reflection of natural site conditions.
- No methane has been recorded in recent events at monitoring wells outside the site boundary.

#### Site management plan (SMP)

A SMP was developed and received by the MRC in May 2020 and updated in May 2022. The SMP was required to provide a management plan for the site to ensure that potential hazards associated with soil, landfill gas, and groundwater contaminants are appropriately managed for the site's continued use as a landfill facility and leachate management. There are no "results" associated with this SMP, it is an ongoing document that continues to evolve to address the comprehensive management of landfill gas and groundwater in light of the most recent information obtained from periodic tests results.

The October 2023 MAR report concludes that:

- The auditor is satisfied that the information contained in the reviewed reports, considered as a whole, is sufficient to inform the current site and surrounding site condition and restrictions that may be applicable.
- Expectations of concerted effort to improve future reporting and reports to comply with relevant standards and guidelines.
- The assessments were sufficient to define the potential extents and types of contaminated media with an appropriate level of confidence.
- Investigation methodologies were sufficient to assess and manage risk.
- Ongoing assessment of landfill gas and groundwater as part of an ongoing Site Management Plan should be undertaken to inform long term trends and to inform the need or otherwise for mitigation measures.

Based on the above, MRC has no new information indicating that an additional landfill rehabilitation provision is required to address any specific remediation requirements nor do the October 2023 MAR report recommend such action.

## Significant accounting policies

### Investment in associates

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

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

For the year ended 30 June 2023

## 20. Financial risk management

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

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

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

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

### a) Interest rate risk

#### Cash and cash equivalents

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
<b>2023</b>					
Cash and cash equivalents	4.54	161,732,397	161,665,465	-	66,932
<b>2022</b>					
Cash and cash equivalents	1.06	142,555,202	142,490,770	-	64,432

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

For the year ended 30 June 2023

## 20. Financial risk management (continued)

### b) Credit Risk

#### Trade and other receivables

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

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

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

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

The expected loss rates are based on the payment profiles of fees and charges over a period of 12 months before 1 July 2023 and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables.

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

The loss allowance as at 30 June 2023 and 30 June 2022 was determined as follows for trade and other receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>As at 30 June 2023</b>					
Trade and other receivables					
Expected credit loss	0.084	0.093	0.083	0.008	
Gross carrying amount	3,605,802	1,079,605	180,997	14,964,365	19,830,769
Loss allowance	<b>304,566</b>	<b>100,503</b>	<b>15,028</b>	<b>121,122</b>	<b>541,219</b>
<b>As at 30 June 2022</b>					
Trade and other receivables					
Expected credit loss	0.092	0.591	0.529	0.004	
Gross carrying amount	3,296,663	166,359	80,889	16,371,470	19,915,381
Loss allowance	<b>304,417</b>	<b>98,344</b>	<b>42,799</b>	<b>72,702</b>	<b>518,262</b>

For consistency purposes the gross carrying amounts for the prior year have been amended to be more in line with the current financial year.

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

For the year ended 30 June 2023

## 20. Financial risk management (continued)

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

	Trade and other receivables		Contract Assets	
	2023 Actual	2022 Actual	2023 Actual	2022 Actual
	\$	\$	\$	\$
<b>Opening loss allowance as at 1 July</b>	453,574	609,419	64,688	21,370
Increase in loss allowance recognised in profit or loss during the year	(17,446)	(109,509)	150,510	43,318
Receivables written off during the year as uncollectible	(108,991)	(46,336)	(1,116)	-
<b>Closing loss allowance at 30 June</b>	<b>327,137</b>	<b>453,574</b>	<b>214,082</b>	<b>64,688</b>

Trade, other receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the City, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on rates and statutory receivables, trade, other receivables and contract assets are presented as net impairment losses within other expenditure. Subsequent recoveries of amounts previously written off are credited against the same line item.

### Contract Assets

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

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

For the year ended 30 June 2023

## 20. Financial risk management (continued)

### c) Liquidity risk

#### Payables

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 15 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	Total contractual cash flows	Carrying values
	\$	\$	\$	\$
<b>2023</b>				
Trade and other payables	44,669,335	-	44,669,335	44,669,335
Lease liabilities	79,514	67,092	146,606	146,606
	<b>44,748,849</b>	<b>67,092</b>	<b>44,815,941</b>	<b>44,815,941</b>
<b>2022</b>				
Trade and other payables	47,082,960	-	47,082,960	47,082,960
Lease liabilities	46,998	50,805	97,803	97,803
	<b>47,129,958</b>	<b>50,805</b>	<b>47,180,763</b>	<b>47,180,763</b>



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

For the year ended 30 June 2023

## 21. Subsequent event

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

Following the end of the financial year the City withdrew from the container deposit scheme program with the last operating date being 31 July 2023.

With a scheme commencement date of 2 October 2020, the City has been a foundation refund point operator in the State Government's Container Deposit Scheme by running and operating a refund point facility under a five year agreement with WA Return Recycle Renew Ltd (WARRRL). WARRRL is the scheme's appointed not-for-profit organisation created to establish and run the Containers for Change program throughout Western Australia.

The City's refund point facility has produced positive community benefits and has made a valuable contribution to improving recycling rates, supporting circular economy principles, enabled the City to provide employment opportunities, and enables fundraising opportunities for local schools, clubs and organisations.

Despite the positive outcomes, the City determined that it was the right time to step out of the scheme which is better suited to be managed by a social enterprise.

In late 2022 the City entered discussions with Good Samaritan Industries (trading as Good Sammy Enterprises – Good Sammy) about the potential to collaborate with the operation of the service

These discussions led to Good Sammy Enterprises taking over the scheme effective from 1 August 2023.

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

For the year ended 30 June 2023

## 22. 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 report is presented.

### e) Budget comparative figures

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

### f) Superannuation

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

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

For the year ended 30 June 2023

## 22. Other significant accounting policies (continued)

### g) Fair value of assets and liabilities

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

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

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

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

### h) Interest revenue

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

### i) Fair value hierarchy

AASB 13 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.

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

For the year ended 30 June 2023

## 22. Other significant accounting policies (continued)

### Valuation techniques

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

#### Market approach

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

#### Income approach

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

#### Cost approach

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

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

### j) Impairment of assets

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

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

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.

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

For the year ended 30 June 2023

## 23. Function and activity

### a) Service objectives and description

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

Objective	Description
<b>Governance</b>	
To provide a decision making process for the efficient allocation of scarce resources.	Administration and operation of facilities and services to members of the City; Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific City services; All other governance related activities in areas such as City Support, Administration, Finance and Information Services have been allocated down to the Programs that these costs support.
<b>Law, order and public safety</b>	
To provide services to help ensure a safer community.	Supervision of various local laws, security, fire prevention, emergency services and animal control.
<b>Health</b>	
To provide an operational framework for environmental and community health.	Food quality and pest control, health education, health related emergency response.
<b>Education and welfare</b>	
To provide services to disadvantaged persons, the elderly, children and youth.	Provision, management and support services for families, children and the aged and disabled within the community, assistance to schools, senior citizens support groups and meals on wheels.
<b>Community amenities</b>	
To provide services required by the community.	Town planning and development, rubbish collection services, noise control, stormwater drainage, the provision of public conveniences, bus shelters, roadside furniture and litter control.
<b>Recreation and culture</b>	
To establish and effectively manage infrastructure and resources which will help the social well-being of the community.	Provision of facilities and support for organisations concerned with leisure time activities and sport, support for the performing and creative arts and the preservation of the national estate. This includes maintenance of halls, aquatic centres, recreation and community centres, parks, gardens, sports grounds and the operation of libraries.

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

For the year ended 30 June 2023

## 23. Function and activity (continued)

### a) Service objectives and description (continued)

Objective	Description
<b>Transport</b>	
To provide safe, efficient and effective transport services to the community.	Construction, maintenance and cleaning of streets, roads, bridges, drainage works, footpaths, parking facilities, traffic signs and the Council Operation Centre, street lighting, traffic lights, including development, plant purchase and maintenance.
<b>General purpose funding</b>	
To collect revenue to allow for the provision of services.	Rates income and expenditure, general purpose government grants, pensioner deferred rates and interest revenue.
<b>Economic services</b>	
To help promote the local government and its economic well-being.	To plan facilities and regulate land use consistent with community expectations and environmental considerations.
<b>Other property and services</b>	
To provide effective and efficient property services to the community and to monitor and control Council's overheads operating accounts.	Private works operations, public works overheads, City plant operations and repair costs, land and property services and others that cannot be assigned to one of the preceding programs.

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

For the year ended 30 June 2023

## 23. Function and activity (continued)

### b) Income and Expenses by program

	2023 Budget \$	2023 Actual \$	2022 Actual \$
<b>Income excluding grants, subsidies and contributions</b>			
General Purpose Funding	152,710,311	161,882,681	145,600,962
Governance	1,558,672	2,392,286	1,521,253
Law, Order & Public Safety	4,194,100	4,178,465	3,747,991
Health	192,220	384,974	158,395
Education & Welfare	3,300,349	2,400,869	4,304,505
Community Amenities	46,465,820	46,927,944	46,391,775
Recreation & Culture	15,202,949	16,186,814	13,613,414
Transport	2,376,100	2,085,299	2,289,733
Economic Services	3,460,794	1,874,286	7,763,582
Other Property & Services	6,001,854	14,924,155	2,421,005
	<b>235,463,169</b>	<b>253,237,772</b>	<b>227,812,615</b>
<b>Total grants, subsidies and contributions</b>			
General Purpose Funding	6,830,000	10,580,216	9,512,708
Law, Order & Public Safety	145,025	55,025	69,020
Education & Welfare	7,708,397	7,974,847	7,577,838
Community Amenities	2,350,000	2,700,000	-
Recreation & Culture	3,211,486	3,472,774	3,998,624
Transport	5,140,784	5,877,334	3,787,547
Economic Services	-	-	128,486
Other Property & Services	2,500,000	2,655,784	12,809,875
	<b>27,885,692</b>	<b>33,315,980</b>	<b>37,884,098</b>
<b>Total Operating Revenue</b>	<b>263,348,861</b>	<b>286,553,752</b>	<b>265,696,713</b>
<b>Expenses from operations</b>			
General purpose funding	(1,100,000)	(758,136)	(3,407,896)
Governance	(14,662,328)	(49,286,741)	(36,065,220)
Law, order & public safety	(9,615,671)	(8,706,616)	(6,990,576)
Health	(2,960,764)	(2,249,826)	(1,952,582)
Education & welfare	(18,559,580)	(15,302,598)	(17,437,215)
Community amenities	(51,960,003)	(46,294,957)	(45,171,788)
Recreation & culture	(78,146,044)	(84,908,915)	(70,299,729)
Transport	(59,408,746)	(55,550,540)	(53,460,647)
Economic services	(7,202,303)	(4,829,653)	(9,943,554)
Other property & services	(13,707,756)	(17,678,439)	(15,434,305)
<b>Total expenditure</b>	<b>(257,323,195)</b>	<b>(285,566,422)</b>	<b>(260,163,512)</b>
<b>Net result</b>	<b>6,025,666</b>	<b>987,331</b>	<b>5,533,201</b>



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

For the year ended 30 June 2023

## 23. Function and activity (continued)

### c) Total assets

	2023 Actual \$
General purpose funding	95,810,560
Governance	21,799,956
Law, order & public safety	3,507,023
Health	418,314
Education & welfare	16,016,996
Community amenities	88,216,916
Recreation & culture	429,073,667
Transport	1,454,745,689
Economic services	4,464,718
Other property & services	533,154,326
Unallocated	31,607,764
<b>Total assets</b>	<b><u>2,678,815,929</u></b>

The classification of the 2022 balances by function and activity could not be reliably measured so have not been included here for comparison.

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

For the year ended 30 June 2023

## 24. Rates

### Rating information

Rate description	Basis of valuation	Rate in \$	Number of properties	Rateable value* \$	2023 Budget \$	2023 Actual \$	2022 Actual \$
Residential	Gross rental valuation	0.059659	58,056	1,366,532,328	81,525,952	81,727,410	77,575,051
Industrial	Gross rental valuation	0.060546	1,848	225,571,757	13,657,470	13,336,764	12,808,954
Commercial	Gross rental valuation	0.054898	1,622	316,878,563	17,395,999	17,657,572	16,973,916
Vacant	Gross rental valuation	0.082347	1,294	30,893,230	2,382,324	2,413,154	2,470,534
<b>Total general rates</b>					<b>114,961,745</b>	<b>115,134,900</b>	<b>109,828,455</b>
<b>Minimum payments</b>		<b>Minimum</b>					
General minimum	Gross rental valuation	893	38,925	475,024,420	34,760,918	34,828,786	33,468,853
Parkland villas (under 36m <sup>2</sup> )	Gross rental valuation	742	7	76,440	5,194	5,194	5,005
Strata titled storage units	Gross rental valuation	579	59	290,166	33,582	34,161	82,947
Interim rates					1,169,112	4,257,257	1,048,781
<b>Total general and minimum payments rates</b>					<b>150,930,551</b>	<b>154,260,298</b>	<b>144,434,041</b>
Plus:							
Late payment penalties					250,000	351,653	297,661
Arrears rates					2,000	1,950	4,020
Instalment charges & interest					250,000	158,293	160,308
<b>Total general purpose funding</b>					<b>151,432,551</b>	<b>154,772,194</b>	<b>144,896,030</b>

For the 2022/23 financial year, and in accordance with the provisions of Section 6.33 of the *Local Government Act 1995*, the City of Stirling have adopted a Differential Rates strategy with a different rate in the dollar applied to each of the four property categories. The key values of objectivity, fairness, equity and transparency have been applied when setting the rate in the dollar.

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

\*Rateable Value at time of raising of rate.

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

For the year ended 30 June 2023

## 25. Determination of surplus or deficit

### a) Non-cash amounts excluded from operating activities

The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32*.

Adjustments to operating activities	2023 Budget \$	2023 Actual \$	2022 Actual \$
Less: Profit on asset disposals	(464,237)	(684,009)	(1,438,305)
Less: Acquired assets	-	10,000	-
Add: Loss on disposal of assets	380,483	21,370,613	1,920,600
Add: Depreciation	51,793,718	50,352,901	51,425,071
Non-cash movements in non-current assets and liabilities:			
Financial assets at amortised cost	-	(9,215)	(9,992)
Trade and other receivables	-	773,596	6,987,499
Investment in associates	-	(3,005,903)	(30,682,107)
Contract Assets	-	-	2,185
Inventory - Land held for resale	-	20,121	(188,067)
Employee benefit provisions	-	7,899	(559,723)
Lease liabilities	-	16,287	(22,010)
ROU	-	(49,298)	26,272
<b>Non-cash amounts excluded from operating activities</b>	<b>51,709,965</b>	<b>68,802,992</b>	<b>27,461,423</b>

### b) Surplus or deficit after imposition of general rates

The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets	Note	2023 Budget \$	2023 Actual \$	2022 Actual \$
Less: Reserve accounts	27	(79,907,274)	(94,897,412)	(70,153,272)
Add: Current liabilities not expected to be cleared at end of year				
- Current annual leave	13	7,519,785	7,383,961	8,029,857
- Current long service leave	13	11,279,678	11,025,292	10,448,166
<b>Total adjustments to net current assets</b>		<b>(61,107,811)</b>	<b>(76,488,159)</b>	<b>(51,675,249)</b>
<b>Net current assets used in the Statement of Financial Activity</b>				
Total current assets		135,568,601	187,668,681	166,908,998
Less: Total current liabilities		(74,460,790)	(65,779,613)	(68,133,730)
Less: Total adjustments to net current assets		(61,107,811)	(76,488,159)	(51,675,249)
<b>Surplus or deficit after imposition of general rates</b>		<b>-</b>	<b>45,400,909</b>	<b>47,100,019</b>

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

For the year ended 30 June 2023

## 26. Lease liabilities

	2023		2023	2022		2022
	\$ Current	\$ Non-current	\$ Total	\$ Current	\$ Non-current	\$ Total
Plant and equipment	79,414	65,192	144,606	46,898	48,805	95,703
Land	100	1,900	2,000	100	2,000	2,100
	<b>79,514</b>	<b>67,092</b>	<b>146,606</b>	<b>46,998</b>	<b>50,805</b>	<b>97,803</b>

		Plant and equipment		
		Lease liability Current \$	Lease liability Non-current \$	Lease liability Total \$
1 July 2021	Balance at start of year	50,602	70,715	121,317
	New lease liability	6,533	27,797	34,330
	Movement from non-current to current	49,707	(49,707)	-
	Repayment/ termination	(68,759)	-	(68,759)
	Lease interest	8,815	-	8,815
<b>30 June 2022</b>	<b>Balance at end of year</b>	<b>46,898</b>	<b>48,805</b>	<b>95,703</b>
1 July 2022	Balance at start of year	46,898	48,805	95,703
	New lease liability	26,792	99,431	126,223
	Movement from non-current to current	83,044	(83,044)	-
	Repayment/ termination	(86,618)	-	(86,618)
	Lease interest	9,298	-	9,298
<b>30 June 2023</b>	<b>Balance at end of year</b>	<b>79,414</b>	<b>65,192</b>	<b>144,606</b>

Plant equipment leased is either for larger printers/scanners or golf carts.

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

For the year ended 30 June 2023

Land - peppercorn lease			Total - plant & equipment and land		
Lease liability Current \$	Lease liability Non-current \$	Lease liability Total \$	Lease liability Current \$	Lease liability Non-current \$	Lease liability Total \$
100	2,100	2,200	50,702	72,815	123,517
-	-	-	6,533	27,797	34,330
100	(100)	-	49,807	(49,807)	-
(100)	-	(100)	(68,859)	-	(68,859)
-	-	-	8,815	-	8,815
<b>100</b>	<b>2,000</b>	<b>2,100</b>	<b>46,998</b>	<b>50,805</b>	<b>97,803</b>
100	2,000	2,100	46,998	50,805	97,803
-	-	-	26,792	99,431	126,223
100	(100)	-	83,144	(83,144)	-
(100)	-	(100)	(86,718)	-	(86,718)
-	-	-	9,298	-	9,298
<b>100</b>	<b>1,900</b>	<b>2,000</b>	<b>79,514</b>	<b>67,092</b>	<b>146,606</b>

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

For the year ended 30 June 2023

## 27. Restricted reserves - cash backed

	2023 Actual Opening Balance \$	2023 Actual Transfer to \$	2023 Actual Transfer (from) \$	2023 Actual Closing Balance \$
a) Asset acquisition reserve	1,886,771	76,249	(1,863,837)	99,183
b) Capital investment reserve	4,492,554	13,417,514	(225,246)	17,684,822
c) Cash in lieu of public open space reserve	229,060	699,417	-	928,477
d) Corporate projects reserve	4,895,967	20,499,717	(1,349,375)	24,046,309
e) Development contribution right of way improvement works reserve	-	-	-	-
f) Edith Cowan Reserve lighting reserve	40,690	1,644	-	42,334
g) Investment income reserve	3,036,815	993,846	(1,035,715)	2,994,946
h) Payment in lieu of parking reserve	2,927,523	118,308	-	3,045,831
i) Plant replacement reserve	7,167,158	289,641	(1,960,687)	5,496,112
j) Previous employees long service leave provision	775,168	55,410	-	830,578
k) Public parking strategy reserve	6,429,402	259,827	(11,960)	6,677,269
l) Road widening reserve	139,689	5,645	-	145,334
m) Security service charge reserve	946,033	637,753	(1,108,263)	475,523
n) Staff leave liability reserve	13,376,137	540,560	-	13,916,697
o) Strategic waste development reserve	9,460,488	5,193,646	(131,079)	14,523,055
p) Tamala Park reserve	9,852,680	-	(9,852,680)	-
q) Tree reserve	1,055,936	368,610	(201,430)	1,223,116
r) Workers' compensation reserve	3,441,201	-	(673,375)	2,767,826
	<b>70,153,272</b>	<b>43,157,787</b>	<b>(18,413,647)</b>	<b>94,897,412</b>

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.

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

For the year ended 30 June 2023

2023 Budget Opening Balance \$	2023 Budget Transfer to \$	2023 Budget Transfer (from) \$	2023 Budget Closing Balance \$	2022 Actual Opening Balance \$	2022 Actual Transfer to \$	2022 Actual Transfer (from) \$	2022 Actual Closing Balance \$
1,899,392	221	-	1,899,613	2,369,972	8,856	(492,057)	1,886,771
4,530,932	9,686,014	-	14,216,946	4,860,521	-	(367,967)	4,492,554
229,060	2,175	-	231,235	195,689	33,371	-	229,060
4,895,968	7,293,772	-	12,189,740	2,314,835	2,656,468	(75,336)	4,895,967
-	-	-	-	-	263,995	(263,995)	-
40,692	386	-	41,078	40,539	151	-	40,690
2,233,302	10,571	(120,000)	2,123,873	2,529,159	831,128	(323,472)	3,036,815
2,927,524	27,796	-	2,955,320	2,901,680	25,843	-	2,927,523
7,308,158	4,746,299	(3,606,273)	8,448,184	3,774,650	3,918,508	(526,000)	7,167,158
713,184	100,000	(100,000)	713,184	713,184	61,984	-	775,168
6,429,401	59,215	(192,800)	6,295,816	6,684,643	24,980	(280,221)	6,429,402
139,688	1,326	-	141,014	139,169	520	-	139,689
760,000	704,312	(975,000)	489,312	765,338	946,033	(765,338)	946,033
13,438,121	127,592	-	13,565,713	13,326,337	49,800	-	13,376,137
9,688,166	3,755,378	(315,000)	13,128,544	34,261,357	3,689,942	(28,490,811)	9,460,488
8,186,014	5,000,000	(13,186,014)	-	6,495,077	3,357,603	-	9,852,680
1,147,664	9,021	(197,566)	959,119	1,018,156	307,516	(269,736)	1,055,936
2,508,583	1,137,333	(1,137,333)	2,508,583	2,508,583	1,865,237	(932,619)	3,441,201
<b>67,075,849</b>	<b>32,661,411</b>	<b>(19,829,986)</b>	<b>79,907,274</b>	<b>84,898,889</b>	<b>18,041,935</b>	<b>(32,787,552)</b>	<b>70,153,272</b>



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

For the year ended 30 June 2023

## 27. Restricted reserves - cash backed (continued)

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

Name of Reserve	Purpose of the reserve
a) Asset acquisition reserve	Created in 2004/05 to accommodate anticipated revenues from land sales which are an integral part of the City's overall asset rationalisation program.
b) Capital investment reserve	The Capital Investment Reserve will hold proceeds of any sale of investment property, funds allocated by Council for investment purposes, surplus funds from investment purposes and any other funds as determined by Council.
c) Cash in lieu of public open space	This reserve was established in accordance with the <i>Local Government Act 1995</i> and section 154 of the Planning and Development Act to account for the contribution and payment in lieu of public open space received after 12 September 2020.
d) Corporate projects reserve	Created in 2004/05 to accommodate future development needs of the City. The finalisation of the Strategic Community Plan, together with the long term works plan will assist in identifying appropriate uses for these funds.
e) Development contribution right of way improvement works reserve	This reserve was established in accordance with the <i>Local Government Act 1995</i> to account for the contribution and payment of any right of way improvement work undertaken by the City.
f) Edith Cowan Reserve lighting reserve	These funds were provided by the developer of the estate surrounding the Churchlands Reserve. Council resolved to place the funds in a financial reserve fund to pay for future maintenance and running costs associated with the lighting on this reserve.
g) Investment income reserve	The Investment Income Reserve will hold rent from investment properties, dividends and distributions from other investments and interest earned on Capital Investment Reserve
h) Payment in lieu of parking reserve	These funds are provided by developers where it is impractical to provide the number of parking spaces generally required for a particular development/use. These are held until an opportunity arises where suitable parking may be provided. Care is taken to ensure that the funds are separately identified to enable them to be applied only to works within the specific areas from which the revenue was sourced.
i) Plant replacement reserve	This Reserve account is designed to eliminate the need for substantial allocations from rates in any year. The principle behind the Reserve is that a proportionate payment will be made from the general fund annually that relates to utilisation (consumption) of existing plant and provides for plant replacement.

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

For the year ended 30 June 2023

## 27. Restricted reserves - cash backed (continued)

Name of Reserve	Purpose of the reserve
j) Previous employees long service leave provision reserve	The purpose of this Reserve is to provide for liabilities for long service leave payments that may need to be made to other local governments in respect of the transferred service entitlement of past employees of the City. Regulations provide that long service leave entitlements are transferable from Council to Council for an employee's uninterrupted service in local government.
k) Public parking strategic reserve	This reserve was created to fund the City's Paid Parking Strategy.
l) Road widening reserve	The Road Widening Reserve was set up within the 2012/13 financial year to be used for compensation payments associated with the compulsory acquisition of land for road widening along Beaufort Street and Harborne Street.
m) Security service charge reserve	This reserve was created to accommodate excess funds from the charge levied for the Property Surveillance and Security services. In accordance with the provisions of Section 6.38 of the Local Government Act 1995 any surplus generated from this charge is to be allocated to a Reserve and used for Security Services, or be repaid to owners.
n) Staff leave liability reserve	It is the function of this Reserve to cash-back the liability of the City for long service leave and annual leave for continuing employees. The liability is calculated based on legal and contractual entitlements. The Reserve will be maintained at a minimum of 50% of the liability.
o) Strategic waste development reserve	The reserve was created in 2015/16 by renaming the 3-Bin Replacement Reserve and is to be used to fund strategic waste related projects.
p) Tamala Park reserve	The City will be receiving funds over the next few years for the sale of land developed at Tamala Park. It is proposed that the funds be used for income generating projects which in turn will help create a sustainable City.
q) Tree reserve	The Tree Reserve will hold any funds set aside under the City's Street and Reserve Trees policy.
r) Workers' compensation reserve	The scope of this reserve is the payment of premium obligations and common law claims with respect to work related injuries for which the City as employer has a statutory or common law liability.

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

For the year ended 30 June 2023

## 28. Trust funds

### Trust funds allocated interest

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

Purpose of trust fund	Opening balance 1 July 2022 \$	Receipts \$	Paid out \$	Interest Earned \$	Closing balance 30 June 2023 \$
Other bonds	511,578	-	-	17,600	529,178
Town planning scheme no 18	4,281,599	-	-	147,390	4,428,989
Town planning scheme no 25	581,851	-	*(572,622)	20,030	29,259
Town planning scheme no 27	416,149	-	-	14,326	430,475
Town planning scheme no 28	630,993	-	-	21,721	652,714
Laneways	671,606	-	(146,219)	21,867	547,254
Other trusts	855,011	-	-	29,416	884,427
Payment in lieu of public open space	9,296,113	-	-	319,822	9,615,935
	<b>17,244,900</b>	<b>-</b>	<b>(718,841)</b>	<b>592,172</b>	<b>17,118,231</b>

\* Represents \$572,622 transfer to the municipal fund

