

City of Kalamunda

Financial Report 2024

Financial Report
for the year ended 30 June 2024

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

Statement by Chief Executive Officer

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

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

Signed on the 7th day of November 2024.



Chief Executive Officer

Anthony Vuleta



City of Kalamunda

Financial Report 2024

Statement of Comprehensive Income

for the year ended 30 June 2024

	Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
Revenue				
Rates	26,2a	44,727,353	43,866,164	42,322,457
Grants, subsidies and contributions	2a	4,348,284	2,883,830	5,816,673
Fees and charges	2a	18,621,952	17,423,848	18,008,646
Interest revenue	2a	3,285,422	880,529	1,995,594
Other revenue	2a	266,234	127,500	150,258
		<u>71,249,245</u>	<u>65,181,871</u>	<u>68,293,628</u>
Expenses				
Employee costs	2b	27,559,877	27,807,178	26,093,369
Materials and contracts		24,586,015	23,994,582	27,702,293
Utility charges		2,027,109	2,436,817	2,015,613
Depreciation	10a	16,875,730	13,684,765	14,349,530
Finance costs	2b	259,317	230,650	274,006
Insurance		766,237	762,437	709,839
Other expenditure	2b	1,813,505	211,306	178,460
		<u>73,887,790</u>	<u>69,127,735</u>	<u>71,323,110</u>
Operating result from continuing operations		<u>(2,638,545)</u>	<u>(3,945,864)</u>	<u>(3,029,482)</u>
Capital grants, subsidies and contributions	2a	16,094,453	25,215,329	5,273,774
Profit on asset disposals	10b	28,543	–	11,689
Loss on asset disposals	10b	(4,901,126)	–	(2,331,446)
Share of net profit of associates accounted for using the equity method	21	–	–	801,395
		<u>11,221,870</u>	<u>25,215,329</u>	<u>3,755,412</u>
Net result for the period	25a,17b	<u>8,583,325</u>	<u>21,269,465</u>	<u>725,930</u>
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	(1,416,177)	–	105,838,137
Share of other comprehensive income of associates accounted for using the equity method	16,21	–	–	45,317
Total other comprehensive income for the period		<u>(1,416,177)</u>	<u>–</u>	<u>105,883,454</u>
Total comprehensive income for the period		<u>7,167,148</u>	<u>21,269,465</u>	<u>106,609,384</u>

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



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Statement of Financial Position

as at 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	3	43,325,236	32,935,495
Trade and other receivables	5	4,330,692	3,583,822
Other financial assets	4a	10,716,382	10,189,458
Inventories	6	856,993	116,736
Other assets	7a	179,783	366,228
Total current assets		59,409,086	47,191,739
Non-current assets			
Trade and other receivables	5	30,705,485	1,048,725
Other financial assets	4b	198,669	207,437
Inventories	6	844,918	930,278
Investment in associate	21	—	30,718,215
Property, plant and equipment	8	116,037,134	121,247,427
Infrastructure	9	491,469,353	490,638,413
Right of use assets	11a	617,671	532,922
Other assets	7a	10,584	182,485
Total non-current assets		639,883,814	645,505,902
Total assets		699,292,900	692,697,641
Liabilities			
Current liabilities			
Trade and other payables	12	10,132,019	11,369,788
Other liabilities	13	5,052,941	3,419,056
Lease liabilities	11b	108,852	59,965
Borrowings	14	1,230,983	1,258,442
Employee related provisions	15	4,812,535	4,848,028
Other provisions		9,281	—
Total current liabilities		21,346,611	20,955,279
Non-current liabilities			
Trade and other payables	12	17,824	14,546
Lease liabilities	11b	585,785	526,213
Borrowings	14	5,264,266	6,497,735
Employee related provisions	15	719,465	512,067
Total non-current liabilities		6,587,340	7,550,561
Total liabilities		27,933,951	28,505,840
Net assets		671,358,949	664,191,801
Equity			
Retained surplus		236,349,067	239,846,057
Reserve accounts	29	35,494,156	23,413,841
Revaluation surplus	16	399,515,726	400,931,903
Total equity		671,358,949	664,191,801

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



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Statement of Changes in Equity
for the year ended 30 June 2024

	Note	Retained Surplus \$	Reserve Accounts \$	Revaluation Surplus \$	Total Equity \$
Balance as at 1 July 2022		238,176,542	24,357,426	295,048,449	557,582,417
Comprehensive income for the period					
Net result for the period		725,930	–	–	725,930
Other comprehensive income for the period					
Increase/(decrease) in asset revaluation surplus		–	–	105,883,454	105,883,454
Other comprehensive income for the period		–	–	105,883,454	105,883,454
Total comprehensive income for the period		725,930	–	105,883,454	106,609,384
Transfers from reserve accounts	29	9,004,505	(9,004,505)	–	–
Transfers to reserve accounts	29	(8,060,920)	8,060,920	–	–
Balance as at 30 June 2023		239,846,057	23,413,841	400,931,903	664,191,801
Balance as at 1 July 2023		239,846,057	23,413,841	400,931,903	664,191,801
Comprehensive income for the period					
Net result for the period		8,583,325	–	–	8,583,325
Other comprehensive income for the period					
Increase/(decrease) in asset revaluation surplus		–	–	(1,416,177)	(1,416,177)
Other comprehensive income for the period		–	–	(1,416,177)	(1,416,177)
Total comprehensive income for the period		8,583,325	–	(1,416,177)	7,167,148
Transfers from reserve accounts	29	1,100,720	(1,100,720)	–	–
Transfers to reserve accounts	29	(13,181,035)	13,181,035	–	–
Balance as at 30 June 2024		236,349,067	35,494,156	399,515,726	671,358,949

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

(*) This includes correction of a prior year error of \$1.28 million (refer to notes 8a and 16).



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Statement of Cash Flows

for the year ended 30 June 2024

	Actual 2024 \$	Budget 2024 \$	Actual 2023 \$
Note			
Cash flows from operating activities			
Receipts			
Rates	43,879,255	44,186,164	42,900,256
Grants, subsidies and contributions	5,974,026	2,883,830	4,679,811
Fees and charges	18,621,952	17,423,848	14,116,051
Interest revenue	3,285,422	880,529	1,995,594
Goods and services tax received	4,458,086	2,500,000	3,892,595
Other revenue	(9,395)	127,500	150,258
Total receipts	76,209,346	68,001,871	67,734,565
Payments			
Employee costs	(27,278,202)	(26,992,178)	(25,826,741)
Materials and contracts	(24,856,555)	(23,394,581)	(25,501,724)
Utility charges	(2,027,109)	(2,436,817)	(2,015,613)
Finance costs	(266,817)	(230,650)	(274,006)
Insurance paid	(766,237)	(762,437)	(709,839)
Goods and services tax paid	(4,024,995)	(2,500,000)	(418,438)
Other expenditure	(1,349,832)	(211,306)	(178,460)
Total payments	(60,569,747)	(56,527,969)	(54,924,821)
Net cash provided by operating activities	15,639,599	11,473,902	12,809,744
	17b		
Cash flows from investing activities			
Payments for financial assets at amortised cost	(534,530)	-	(10,175,569)
Payments for purchase of property, plant & equipment	(3,703,465)	(17,343,720)	(3,534,877)
	8a		
Payments for construction of infrastructure	(15,877,461)	(22,932,990)	(8,995,385)
	9a		
Payments for land held for sale	-	-	(544,211)
Capital grants, subsidies and contributions	16,094,453	24,223,919	5,795,555
Proceeds from financial assets at amortised cost - self supporting loans	16,374	13,890	13,131
Proceeds from sale of property, plant & equipment	91,573	-	171,748
Proceeds from financial assets at fair values through other comprehensive income	3,363	-	(7,372)
Net cash (used in) investing activities	(3,909,693)	(16,038,901)	(17,276,980)
Cash flows from financing activities			
Repayment of borrowings	(1,260,928)	(1,258,442)	(1,229,486)
	28a		
Payments for principal portion of lease liabilities	(79,237)	(292,250)	(65,712)
	28c		
Proceeds from new borrowings	-	2,000,000	-
	28a		
Net cash (used in) financing activities	(1,340,165)	449,308	(1,295,198)
Net increase /(decrease) in cash held	10,389,741	(4,115,691)	(5,762,434)
Cash at beginning of year	32,935,495	33,507,798	38,697,929
Cash and cash equivalents at the end of the year	43,325,236	29,392,107	32,935,495
	17a		

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



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Statement of Financial Activity
for the year ended 30 June 2024

	Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	26	44,486,859	43,706,164	42,091,455
Rates excluding general rates	26	240,494	160,000	231,002
Grants, subsidies and contributions		4,348,284	2,883,830	5,816,673
Fees and charges		18,621,952	17,423,848	18,008,646
Interest revenue		3,285,422	880,529	1,995,594
Other revenue		266,234	127,500	150,258
Profit on asset disposals		28,543	-	11,689
Share of net profit of associates accounted for using the equity method	21	-	-	801,395
		71,277,788	65,181,871	69,106,712
Expenditure from operating activities				
Employee costs		27,559,877	27,807,178	26,093,369
Materials and contracts		24,586,015	23,994,581	27,702,293
Utility charges		2,027,109	2,436,817	2,015,613
Depreciation		16,875,730	13,684,765	14,349,530
Finance costs		259,317	230,650	274,006
Insurance		766,237	762,437	709,839
Other expenditure		1,813,505	211,306	178,460
Loss on asset disposals		4,901,126	-	2,331,446
		78,788,916	69,127,734	73,654,556
Adjustment for cash budget requirements:				
Non-cash amounts excluded from operating activities				
Non-cash amounts excluded from operating activities	27	24,039,658	14,079,765	18,017,965
Amount attributable to operating activities		16,528,530	10,133,902	13,470,122
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		16,094,453	25,215,329	5,273,774
Proceeds from disposal of assets		91,573	-	171,748
Proceeds from financial assets at amortised cost - self supporting loans	28a	16,374	13,890	13,131
		16,202,400	25,229,219	5,458,653
Outflows from investing activities				
Purchase of property, plant and equipment	8a	(3,703,465)	(17,343,720)	(3,534,877)
Purchase and construction of infrastructure	9a	(15,877,461)	(22,932,990)	(8,995,385)
Right of use assets received - non cash	11a	(193,962)	-	-
Payments for land held for sale		-	-	(544,211)
		(19,774,888)	(40,276,710)	(13,074,473)
Non-cash amounts excluded from investing activities	27	187,697	-	492,577
Amount attributable to investing activities		(3,384,791)	(15,047,491)	(7,123,243)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	28a	-	2,000,000	-
Transfers from reserve accounts	29	1,100,720	7,888,185	9,004,505
Proceeds from new leases - non cash	28c	187,697	-	-
		1,288,417	9,888,185	9,004,505
Outflows from financing activities				
Repayment of borrowings	28a	(1,260,928)	(1,258,442)	(1,229,486)
Payments for principal portion of lease liabilities	28c	(79,237)	(292,250)	(65,712)
Transfers to reserve accounts	29	(13,181,035)	(3,847,858)	(8,060,920)
		(14,521,200)	(5,398,550)	(9,356,118)
Non-cash amounts excluded from financing activities		(175,080)	-	-
Amount attributable to financing activities		(13,407,863)	4,489,635	(351,613)

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Statement of Financial Activity
for the year ended 30 June 2024

	Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	27	8,975,167	465,151	2,979,901
Amount attributable to operating activities		16,528,530	10,133,902	13,470,122
Amount attributable to investing activities		(3,384,791)	(15,047,491)	(7,123,243)
Amount attributable to financing activities		(13,407,863)	4,489,635	(351,613)
Surplus/(deficit) after imposition of general rates	27	8,711,043	41,197	8,975,167

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

City of Kalamunda

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Notes to and forming part of the Financial Report

for the year ended 30 June 2024

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Notes to and forming part of the Financial Report

for the year ended 30 June 2024

Note 1. Basis of preparation

The financial report of the City of Kalamunda, which is a Class 2 local government, comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations

Local Government Act 1995 requirements

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

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

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

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

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

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

Critical accounting estimates and judgements

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

application of policies and reported amounts of assets and liabilities, income and expenses.

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

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

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

- Fair value measurement of assets carried at reportable value including:
- Property, plant and equipment - note 8
- Infrastructure - note 9
- Expected credit losses on financial assets - note 22
- Measurement of employee related provisions - note 15

Fair value hierarchy information can be found in Note 24.

The local government reporting entity

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

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

Initial application of accounting standards

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

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

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

New accounting standards for application in future years

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

- *AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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Notes to and forming part of the Financial Report
for the year ended 30 June 2024**Note 1. Basis of preparation (continued)**

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

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

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

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

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

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

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Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 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 or 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 and issue 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
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service
Fee and charges for other goods and services	Library fees and reinstatements	Single point in time	Payment in full in advance	None	At point of service

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

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Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 2. Revenue and expenses (continued)

(a) Revenue (continued)

Revenue Recognition

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

Nature	Contracts with customers	Capital grant/ contributions	Statutory Requirements	Other	Total
For the year ended 30 June 2024					
Rates	–	–	44,727,353	–	44,727,353
Grants, subsidies and contributions	–	–	–	4,348,284	4,348,284
Fees and charges	1,353,842	–	15,180,741	2,087,368	18,621,951
Interest revenue	–	–	572,181	2,713,240	3,285,421
Other revenue	–	–	115,356	150,877	266,233
Capital grants, subsidies and contributions	128,175	9,126,645	–	6,839,634	16,094,454
Total	1,482,017	9,126,645	60,595,631	16,139,403	87,343,696

For the year ended 30 June 2023

Rates	–	–	42,322,457	–	42,322,457
Grants, subsidies and contributions	–	–	–	5,816,673	5,816,673
Fees and charges	1,620,072	–	14,222,738	2,165,836	18,008,646
Interest revenue	–	–	383,742	1,611,852	1,995,594
Other revenue	–	–	149,789	469	150,258
Capital grants, subsidies and contributions	482,344	4,757,159	34,271	–	5,273,774
Total	2,102,416	4,757,159	57,112,997	9,594,830	73,567,402

	2024 Actual \$	2024 Budget \$	2023 Actual \$
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Interest revenue

Interest on reserve account funds	1,147,490	187,500	717,528
Investments - other funds	872,376	363,029	594,857
Rates overdue interest	306,065	130,000	168,194
Rates instalment interest	188,809	175,000	177,889
Pensioner Deferred Interest	34,690	10,000	20,173
Financial assets at amortised cost - self supporting loans	2,765	3,029	3,778
Other interest revenue	733,227	11,971	313,175
Total	3,285,422	880,529	1,995,594

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Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 2. Revenue and expenses (continued)

(b) Expenses

	2024 Actual \$	2024 Budget \$	2023 Actual \$
Auditors remuneration			
- Audit of the annual financial report	125,300	134,000	70,000
- Other services - grant acquittals and internal audit	20,650	-	72,602
Total	145,950	134,000	142,602

(*) This amount includes \$102,300 for the audit of annual financial report 2023-24 and remaining \$23,000 represents additional audit fee for 2022-23. Therefore, the actual audit fee for 2022-23 was \$93,000.

Employee costs

Employee benefit costs	24,707,206	24,869,792	23,452,918
Other employee costs	2,852,671	2,937,386	2,640,451
Total	27,559,877	27,807,178	26,093,369

Finance costs

Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	222,886	230,650	256,578
Lease liabilities	36,431	-	17,428
Total	259,317	230,650	274,006

Other expenditure

Sundry expenses	780,374	211,306	178,460
Loss on Eastern Metropolitan Regional Council (EMRC) divestment	1,033,131	-	-
Total	1,813,505	211,306	178,460

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Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 3. Cash and cash equivalents

	2024	2023
Note	\$	\$
Cash at bank and on hand	39,695,754	29,470,865
Term deposits	3,629,482	3,464,630
Total cash and cash equivalents	43,325,236	32,935,495
	17a	
Held as		
- Unrestricted cash and cash equivalents	13,484,875	16,278,166
- Restricted cash and cash equivalents	29,840,361	16,657,329
Total	43,325,236	32,935,495
	17a	

MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents

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

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

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

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions.

Restrictions are specified in an agreement, contract or legislation.

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

City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 4. Other financial assets

	2024	2023
Note	\$	\$
(a) Current assets		
Financial assets at amortised cost	10,716,382	10,189,458
Total current financial assets	10,716,382	10,189,458
Financial assets at amortised cost		
Self supporting loans receivable	9,646	13,889
Term deposits	17a 10,706,736	10,175,569
	10,716,382	10,189,458
Held as		
- Unrestricted other financial assets at amortised cost	9,646	13,889
- Restricted other financial assets at amortised cost	17a 10,706,736	10,175,569
Total	10,716,382	10,189,458
(b) Non current assets		
Financial assets at amortised cost	32,327	44,458
Financial assets at fair value through other comprehensive income	166,342	162,979
Total non-current financial assets	198,669	207,437
Financial assets at amortised cost		
Self supporting loans receivable	32,327	44,458
	32,327	44,458
Financial assets at fair value through other comprehensive income		
Units in Local Government House Trust	166,342	162,979
	166,342	162,979

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 28(a) as self supporting loans. Fair value of financial assets at fair value through profit and loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

MATERIAL ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

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

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

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City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report for the year ended 30 June 2024

Note 4. Other financial assets (continued)

Financial assets at fair value through profit or loss

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

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

Impairment and risk

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

City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 5. Trade and other receivables

	Note	2024 \$	2023 \$
Current			
Rates and statutory receivables		3,273,621	2,377,431
Trade receivables		534,137	419,903
GST receivable		240,899	673,990
Receivables for employee related provisions	15	282,035	112,498
		<u>4,330,692</u>	<u>3,583,822</u>
Non-current			
Rates and statutory receivables		1,154,816	1,048,725
Eastern Metropolitan Regional Council (EMRC) receivable		29,550,669	—
		<u>30,705,485</u>	<u>1,048,725</u>

EMRC receivable:

The City of Kalamunda was a participant in the Eastern Metropolitan Regional Council (EMRC) and had a share in the Net Assets of EMRC. The City's interest in the EMRC was calculated by the EMRC as of 30 June 2023 was 17.29% representing its share of Net Assets \$30,718,215 (refer to Note 21(a)). On the 22 November 2022, the City issued its Notice of Withdrawal from the EMRC. The effective date of the withdrawal is after 30 June 2023. Consequently, the withdrawal took effect 1 July 2023. The City's equity entitlement is subject to a different valuation methodology and process prescribed in the Establishment Agreement for withdrawing participants. This process is ongoing and is planned to be finalised and paid by 31 July 2025 as such the nature of this investment has been transferred to non-current asset receivable (refer to note 5) and discounted to the present value of \$29,550,669. The difference of \$1,167,546 is accounted for as a loss on divestment (refer to note 2b) worth \$1,033,131 and revaluation adjustment worth \$134,416 (refer to note 16).

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Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 5. Trade and other receivables (continued)

Disclosure of opening and closing balances related to contracts with customers

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 2024 Actual \$	30 June 2023 Actual \$	1 July 2022 Actual \$
Trade and other receivables from contracts with customers	534,137	419,903	438,841
Allowance for credit losses of trade receivables	(4,601)	(3,275)	(2,547)
Total trade and other receivables from contracts with customers	529,536	416,628	436,294

MATERIAL ACCOUNTING POLICIES**Rates and statutory receivables**

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

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

Trade 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

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

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

Impairment and risk exposure

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

City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 6. Inventories

	2024	2023
	\$	\$
Current		
Fuel and materials	131,633	116,736
Land held for resale		
- Cost of acquisition	725,360	-
Total current inventories	856,993	116,736
Non-current		
Land held for resale		
- Cost of acquisition	828,872	914,232
- Development costs	16,046	16,046
Total non-current inventories	844,918	930,278

The following movements in inventories occurred during the year:

Balance at beginning of year	1,047,014	529,621
Additions to inventory	654,896	517,393
Balance at end of year	1,701,910	1,047,014

MATERIAL 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.

Borrowing costs and holding charges incurred after development is completed are expensed.

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

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

City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 7. Other assets

	2024	2023
	\$	\$
7a Other assets		
Other assets - current		
Prepayments	179,783	366,228
Total other assets - current	179,783	366,228
Other assets - non-current		
Prepayments	10,584	182,485
Total other assets - non-current	10,584	182,485

MATERIAL ACCOUNTING POLICIES

Other current assets

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

City of Kalamunda

Notes to and forming part of the Financial Report for the year ended 30 June 2024

Note 8. Property, plant and equipment

(a) Movements in balances

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

	Assets not subject to operating lease			Improvements to Land - vested in and under the control of Council			Total Property			Total Property			Plant and equipment			Total property, plant and equipment		
	Land	Buildings specialised		Land	Buildings specialised		Land	Buildings specialised	Public Arts	Work in progress	Total Property	Furniture and equipment	Plant and equipment					
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Balance at 1 July 2022	31,649,795	76,450,235	4,884,853	31,649,795	76,450,235	1,152,900	1,020,088	109,120,118	358,071	6,914,107	122,430,049							
Additions	-	1,142,332	-	-	1,142,332	-	1,529,535	2,671,867	19,012	843,998	3,534,877							
Disposals	-	-	-	-	-	-	-	-	-	(269,903)	(269,903)							
Depreciation	-	(3,287,294)	(67,749)	-	(3,287,294)	-	-	(3,287,294)	(47,607)	(1,044,346)	(4,447,596)							
Transfers from Work in Progress	-	-	907,594	-	907,594	-	(907,594)	-	-	-	-							
WIP transfers to operating expenses	-	-	-	-	-	-	-	-	-	-	-							
Balance at 30 June 2023	31,649,795	75,212,867	4,817,104	31,649,795	75,212,867	1,152,900	1,642,029	108,504,691	329,476	6,443,256	121,247,427							
Comprises:																		
Gross balance amount at 30 June 2023	31,649,795	84,861,433	4,817,104	31,649,795	84,861,433	1,152,900	1,642,029	118,153,257	1,854,874	9,478,830	135,456,965							
Accumulated depreciation at 30 June 2023	-	(9,648,566)	-	-	(9,648,566)	-	-	(9,648,566)	(1,525,398)	(3,035,574)	(14,209,538)							
Balance at 30 June 2023	31,649,795	75,212,867	4,817,104	31,649,795	75,212,867	1,152,900	1,642,029	108,504,691	329,476	6,443,256	121,247,427							
Balance at 1 July 2023	31,649,795	75,212,867	4,817,104	31,649,795	75,212,867	1,152,900	1,642,029	108,504,691	329,476	6,443,256	121,247,427							
Additions	-	374,789	-	-	374,789	31,300	2,820,301	3,195,090	335,217	141,860	3,703,467							
Disposals	-	(1,138,730)	-	-	(1,138,730)	-	-	(1,138,730)	(14,327)	(56,820)	(1,209,877)							
Correction of prior year error ⁽¹⁾	-	(1,285,124)	-	-	(1,285,124)	-	-	(1,285,124)	-	-	(1,285,124)							
Assets classified as held for sale	(640,000)	-	-	(640,000)	-	-	-	(640,000)	-	-	(640,000)							
Depreciation	-	(3,412,263)	-	-	(3,412,263)	-	-	(3,412,263)	(37,823)	(1,101,210)	(4,551,296)							
Transfers from Work in Progress	-	1,621,374	-	-	1,621,374	8,930	(2,553,284)	(931,910)	-	-	(922,980)							
WIP transfers to operating expenses	-	-	-	-	-	-	(304,482)	(304,482)	-	-	(304,482)							
Balance at 30 June 2024	31,009,795	71,372,913	4,817,104	31,009,795	71,372,913	1,193,130	1,604,564	103,987,272	612,543	5,427,086	116,037,135							
Comprises:																		
Gross balance amount at 30 June 2024	31,009,795	84,433,742	5,020,351	31,009,795	84,433,742	1,193,130	1,604,564	117,048,101	2,147,976	9,474,514	134,884,072							
Accumulated depreciation at 30 June 2024	-	(13,060,828)	(203,247)	-	(13,060,828)	-	-	(13,060,828)	(1,535,433)	(4,047,430)	(18,846,938)							
Balance at 30 June 2024	31,009,795	71,372,914	4,817,104	31,009,795	71,372,914	1,193,130	1,604,564	103,987,273	612,543	5,427,084	116,037,134							

(1) The prior year error of \$1.28 million was due to an overstatement of revaluation surplus and property, plant and equipment (buildings) during last year's infrastructure assets revaluation. The amount however is immaterial, therefore comparative figures have not been restated. Instead, the error has been corrected in the current financial year by reducing the buildings and revaluation surplus by \$1.28 million (refer to note 16).

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City of Kalamunda

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 8. Property, plant and equipment (continued)

(b) Carrying Amount Measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair Value - as determined at the last valuation date					
Land	Level 2	Market approach using recent observable market data for similar assets	Independent registered valuer	June 2020	Average price for square meter / sales proceeds of comparable properties.
	Level 3	Improvements to land valued using cost approach using current replacement cost	Independent registered valuer	June 2020	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Buildings - specialised	Level 3	Improvements to building valued using cost approach using current replacement cost	Independent registered valuer	June 2020	Improvements to building using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.

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

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

Asset class	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(ii) Cost				
Furniture and equipment	Not Applicable	Cost	Not Applicable	Not Applicable
Plant and equipment	Not Applicable	Cost	Not Applicable	Not Applicable

City of Kalamunda

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 9. Infrastructure

(a) Movements in balances

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

	Infrastructure roads	Infrastructure footpaths	Infrastructure drains	Infrastructure parks and ovals	Infrastructure other	Work in progress	Total infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2022	190,169,228	27,008,656	131,826,698	14,360,152	14,219,090	13,009,795	390,593,619
Additions	3,564,442	1,124,493	386,894	813,153	535,646	2,570,757	8,995,385
(Disposals)	(13,200)	(62,899)	(1,810,570)	(40,774)	(294,159)	—	(2,221,602)
Revaluation increments transferred to revaluation surplus	31,292,093	3,514,215	47,093,588	3,607,599	20,323,270	—	105,830,765
Depreciation	(4,820,571)	(1,064,060)	(1,722,657)	(1,073,814)	(1,118,881)	—	(9,799,983)
Transfers from Work in Progress	5,779,064	48,159	808,801	983,222	1,949,386	(12,328,403)	(2,759,771)
Balance at 30 June 2023	225,971,056	30,568,564	176,582,754	18,649,538	35,614,352	3,252,149	490,638,413
Comprises:							
Gross balance amount at 30 June 2023	225,971,057	30,568,564	176,582,755	18,649,538	35,614,351	3,252,148	490,638,413
Accumulated depreciation at 30 June 2023	—	—	—	—	—	—	—
Balance at 30 June 2023	225,971,057	30,568,564	176,582,755	18,649,538	35,614,351	3,252,148	490,638,413
Balance as at 1 July 2023	225,971,056	30,568,564	176,582,754	18,649,538	35,614,352	3,252,149	490,638,413
Additions	3,036,962	794,401	1,776,007	232,892	593,281	9,443,918	15,877,461
(Disposals)	(2,154,608)	(286,269)	(102,831)	(406,534)	(804,037)	—	(3,754,279)
Depreciation	(4,766,302)	(1,192,416)	(3,470,752)	(1,296,371)	(1,489,381)	—	(12,215,222)
Transfers from Work in Progress	2,905,382	512,365	385,957	5,277,403	1,840,999	(9,999,126)	922,980
Balance at 30 June 2024	224,992,490	30,396,645	175,171,135	22,456,928	35,755,214	2,696,941	491,469,353
Comprises:							
Gross balance amount at 30 June 2024	229,758,792	31,589,062	178,641,888	23,753,299	37,244,594	2,696,941	503,684,576
Accumulated depreciation at 30 June 2024	(4,766,302)	(1,192,417)	(3,470,753)	(1,296,371)	(1,489,380)	—	(12,215,223)
Balance at 30 June 2024	224,992,490	30,396,645	175,171,135	22,456,928	35,755,214	2,696,941	491,469,353

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City of Kalamunda

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 9. Infrastructure (continued)

(b) Carrying Amount Measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair Value - as determined at the last valuation date					
Infrastructure - roads	Level 3	Cost approach using current replacement cost	Independent valuation	June 2023	Observable input based on depreciation replacement cost (Level 3)
Infrastructure - footpaths	Level 3	Cost approach using current replacement cost	Independent valuation	June 2023	Observable input based on depreciation replacement cost (Level 3)
Infrastructure - drains	Level 3	Cost approach using current replacement cost	Independent valuation / Management Valuation	June 2023	Observable input based on depreciation replacement cost (Level 3)
Infrastructure - parks and ovals	Level 3	Cost approach using current replacement cost	Independent valuation	June 2023	Observable input based on depreciation replacement cost (Level 3)
Infrastructure - other	Level 3	Cost approach using current replacement cost	Independent valuation	June 2023	Observable input based on depreciation replacement cost (Level 3)

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

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

City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 10. Fixed assets

		2024 Actual \$	2024 Budget \$	2023 Actual \$
	Note			
(a) Depreciation				
Improvements to Land - vested in and under the control of Council		-	-	67,749
Buildings - specialised	8a	3,412,263	3,331,241	3,287,294
Furniture and equipment	8a	37,823	55,784	47,607
Plant and equipment	8a	1,101,210	959,547	1,044,946
Infrastructure - roads	9a	4,766,302	4,715,349	4,820,571
Infrastructure - footpaths	9a	1,192,416	1,030,188	1,064,060
Infrastructure - drainage	9a	3,470,752	1,466,324	1,722,657
Infrastructure - parks and ovals	9a	1,296,371	1,065,939	1,073,814
Infrastructure - other	9a	1,489,381	948,482	1,118,881
Right-of-use assets - plant and equipment	11	57,831	60,530	67,060
Right of use assets - land and buildings	11	51,381	51,381	34,891
Total depreciation		16,875,730	13,684,765	14,349,530

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City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 10. Fixed assets (continued)

Depreciation rates

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

Asset Class	Useful life (Years)
Furniture and equipment	5 to 10
Plant and equipment	5 to 20

Buildings

Component	
Sub - structure	18 to 90
Super - structure	15 to 75
Roof Structure	8 to 30
Roof Cladding	10 to 38
Fitouts & Fittings	15 to 75
Fitouts (Floor Coverings)	12 to 60
Services (Mechanical)	10 to 38
Services (Electrical)	10 to 38
Services (Fire)	10 to 38
Services (Transport)	48 to 60
Services (Hydraulics)	10 to 38
Services (Security)	30 to 38
Site Infrastructure	40

Infrastructure

Category	Component	Material	Useful life (Years)
Roads	Surface	Cement	50
		Brick Paving	50
		Asphalt	25
		Single Seal	20
	Pavement Base	Laterite	60
		Rockbase	60
	Pavement Subbase	Limestone	120
		Concrete	50
Footpaths		Brick Paving	50
		Gravel	50
		Asphalt	25
		Timber	15
		Concrete	80
Drainage Pipes	Stormwater	Concrete	80
	Subsoil	PVC	60
Drainage Pits	Stormwater	Concrete	80
	Weirs	Stone mortared	100
Parks and Gardens	Including Playground Equipment		10 to 80

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City of Kalamunda

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 10. Fixed assets (continued)

(b) Disposal of assets

The following assets were disposed of during the year.

Note	Net book value		Sales price		Profit		(loss)	
	2024 Actual	2024 Budget	2024 Actual	2024 Budget	2024 Actual	2024 Budget	2024 Actual	2024 Budget
	\$	\$	\$	\$	\$	\$	\$	\$
By asset class								
<i>Property, plant and equipment</i>								
Buildings - specialised	1,138,730	-	-	-	-	-	(1,138,730)	-
Plant and equipment	56,820	-	85,363	-	28,543	-	-	(109,844)
Furniture and equipment	14,327	-	6,210	-	-	-	(8,117)	-
<i>Infrastructure</i>								
Infrastructure - roads	2,154,608	-	-	-	-	-	(2,154,608)	-
Infrastructure - footpaths	286,269	-	-	-	-	-	(286,269)	(62,899)
Infrastructure - drainage	102,831	-	1,810,570	-	-	-	(102,831)	(1,810,570)
Infrastructure - parks and ovals	406,534	-	40,774	-	-	-	(406,534)	(40,774)
Infrastructure - other	804,037	-	294,159	-	-	-	(804,037)	(294,159)
Total by asset class	4,964,156	-	2,491,505	-	171,748	-	11,689	(4,901,126)
By program								
<i>Plant and equipment</i>								
Law, order, public safety	-	-	71,535	-	-	-	-	(71,535)
Recreation and culture	-	-	3,600	-	-	-	-	-
Transport	-	-	4,188	-	5,183	1,583	-	(2,929)
Other property and services (loss)	14,327	-	153,801	-	118,420	-	(8,117)	(35,381)
Other property and services (profit)	-	-	36,780	-	46,886	10,106	-	-
<i>Other Asset class</i>								
Community amenities	56,820	-	2,104,728	-	28,543	-	-	(2,104,728)
Recreation and culture	1,545,264	-	40,774	-	(1,545,264)	-	-	(40,774)
Transport	3,347,745	-	76,099	-	(3,347,745)	-	-	(76,099)
Total By program	4,964,156	-	2,491,505	-	171,748	-	11,689	(4,901,126)

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City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report

for the year ended 30 June 2024

Note 10. Fixed assets (continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

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

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

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

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

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

Measurement after recognition

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

Reportable Value

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

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

Revaluation

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls and measured at reportable value, are only required to be revalued every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing

improvements (i.e. vested improvements) on land vested in the City.

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

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

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

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

Depreciation

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

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

Depreciation on revaluation

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

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

Impairment

In accordance with *Local Government (Financial Management) Regulations 17A(4C)*, the City is not required to comply with *AASB136 Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

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

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City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024**Note 10. Fixed assets (continued)**

recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposal

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

City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 11. Leases

(a) Right of use assets

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

	Note	Land and buildings \$	Plant & Equipment \$	Total \$
2023				
Balance at 1 July 2022		—	166,404	166,404
Additions		468,469	—	468,469
Depreciation	10a	(34,891)	(67,060)	(101,951)
Balance at 30 June 2023		433,578	99,344	532,922
Gross balance amount at 30 June 2023		468,469	247,686	716,155
Accumulated depreciation at 30 June 2023		(34,891)	(148,342)	(183,233)
Balance at 30 June 2023		433,578	99,344	532,922
2024				
Balance at 1 July 2023		433,578	99,344	532,922
Additions		—	168,594	168,594
Adjustments to right-of-use assets due to re-measurement of lease liability		25,368	—	25,368
Depreciation	10a	(51,382)	(57,831)	(109,213)
Balance at 30 June 2024		407,564	210,107	617,671
Gross balance amount at 30 June 2024		493,837	282,269	776,106
Accumulated depreciation at 30 June 2024		(86,273)	(72,162)	(158,435)
Balance at 30 June 2024		407,564	210,107	617,671

Amounts included in the statement of comprehensive income related to leases

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

	Note	2024 Actual \$	2023 Actual \$
Expenses			
Depreciation on right-of-use assets	10a	(109,213)	(101,951)
Finance charge on lease liabilities	28c	(36,431)	(4,165)
Total amount recognised in the statement of comprehensive income		(145,644)	(106,116)
Total cash outflow from leases		(115,669)	(69,877)

(b) Lease liabilities

Current	27	108,852	59,965
Non-current		585,785	526,213
Total lease liabilities	28c	694,637	586,178

Secured liabilities and assets pledged as security

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

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City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024**Note 11. Leases (continued)****MATERIAL ACCOUNTING POLICIES****Leases**

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

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

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

Details of individual lease liabilities required by regulations are provided at Note 28(c).

Right-of-use assets - measurement

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

Refer to Note 10 under revaluation for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 12. Trade and other payables

	2024	2023
	\$	\$
Current		
Sundry creditors	4,622,444	5,176,303
Accrued interest on long term borrowings	60,737	68,237
Prepaid rates	2,756,546	2,602,363
Accrued payroll liabilities	585,151	475,381
Bonds and deposits held	1,772,680	1,986,876
Other	22,587	-
Public Open Space funds - received prior to 10 April 2006	13,661	148,045
Accrued expenses	297,690	901,353
Retention Money	523	11,230
Total current trade and other payables	10,132,019	11,369,788
Non-current		
Deferred Salary Scheme - Employee Contribution	17,824	14,546
Total non-current trade and other payables	17,824	14,546

MATERIAL ACCOUNTING POLICIES**Financial liabilities**

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

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

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

Trade and other payables

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

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

Prepaid rates

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

City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 13. Other liabilities

	2024	2023
	\$	\$
(a) Other liabilities		
Current		
Liabilities under transfers to acquire or construct non-financial assets to be controlled by the City	3,577,802	2,158,523
Forrestfield Industrial Area Scheme Stage 1	1,475,139	1,260,533
Total other liabilities	5,052,941	3,419,056

Reconciliation of changes in contract liabilities

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.

Capital grants received from State and Commonwealth Government

Balance at the start of the year	2,158,523	3,377,975
Net Movement during the financial year	1,419,279	(1,219,452)
Balance at the end of the year	3,577,802	2,158,523

Forrestfield Industrial Area Scheme Stage 1

Balance at the start of the year	1,260,533	738,752
Net Movement during the financial year	214,606	521,781
Balance at the end of the year	1,475,139	1,260,533

Expected satisfaction of capital grant/contribution liabilities

Less than 1 year	5,052,941	3,419,056
	5,052,941	3,419,056

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

MATERIAL ACCOUNTING POLICIES

Contract Liabilities

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

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

Capital grant/contribution liabilities

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

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

City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 14. Borrowings

Note	2024			2023		
	Current \$	Non-current \$	Total \$	Current \$	Non-current \$	Total \$
Secured						
Long Term Borrowings	1,230,983	5,264,266	6,495,249	1,258,442	6,497,735	7,756,177
Total secured borrowings	17d,28a 1,230,983	5,264,266	6,495,249	1,258,442	6,497,735	7,756,177

Secured liabilities and assets pledged as security

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

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

MATERIAL ACCOUNTING POLICIES

Borrowing costs

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

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

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

Risk

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

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

City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 15. Employee related provisions

	2024	2023
	\$	\$
(a) Employee related provisions		
Current provisions		
Employee benefit provisions		
Annual leave	2,343,420	2,341,195
Long service leave	2,469,115	2,506,833
	<u>4,812,535</u>	<u>4,848,028</u>
Total current employee related provisions	4,812,535	4,848,028
Non-current provisions		
Long service leave	719,465	512,067
	<u>719,465</u>	<u>512,067</u>
Total non-current employee related provisions	719,465	512,067
Total employee related provisions	5,532,000	5,360,095

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:

	2024	2023
	\$	\$
Amounts are expected to be settled on the following basis:		
Less than 12 months after the reporting date	2,641,526	2,622,652
More than 12 months from reporting date	2,890,474	2,737,443
	<u>5,532,000</u>	<u>5,360,095</u>

Expected reimbursements of employee related provisions from other WA local governments included within other receivables	5	282,035	112,498
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MATERIAL ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 15. Employee related provisions (continued)

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

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

City of Kalamunda

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 16. Revaluation surplus

	2024	2024	2024	2024	2024	2024	2024	2024	2024	2023	2023	2023	2023	2023	2023
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Movement on Revaluation	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Movement on Revaluation	Closing Balance	Revaluation (Decrement)	Revaluation Increment	Total Movement on Revaluation	Closing Balance	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Revaluation surplus - Land - freehold land and improvements to Land - vested in and under the control of Council	32,334,929	-	-	-	32,334,929	32,334,929	-	-	-	32,334,929	-	-	-	32,334,929	
Revaluation surplus - Buildings - specialised	59,896,897	-	-	-	59,896,897	59,896,897	-	-	-	59,896,897	-	-	-	59,896,897	
Revaluation surplus - Plant and equipment	570,671	-	-	-	570,671	570,671	-	-	-	570,671	-	-	-	570,671	
Revaluation surplus - Public Art Works	1,152,904	-	-	-	1,152,904	1,152,904	-	-	-	1,152,904	-	-	-	1,152,904	
Revaluation surplus - Infrastructure	306,679,105	-	(1,285,124)	(1,285,124)	305,393,981	200,848,340	105,830,765	-	105,830,765	306,679,105	-	-	105,830,765	306,679,105	
Revaluation surplus - Local Government House Investment	162,981	3,363	-	3,363	166,344	155,609	7,372	-	7,372	162,981	-	-	7,372	162,981	
	400,797,487	3,363	(1,285,124)	(1,281,761)	399,515,726	294,959,350	105,838,137	-	105,838,137	400,797,487	-	-	105,838,137	400,797,487	
Revaluation surplus - Share from investments in associates	134,416	-	(134,416)	(134,416)	-	89,099	45,317	-	45,317	134,416	-	-	45,317	134,416	
	400,931,903	3,363	(1,419,540)	(1,416,177)	399,515,726	295,048,449	105,883,454	-	105,883,454	400,931,903	-	-	105,883,454	400,931,903	

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

Vested land no longer required to be recognised. Land under golf courses, showgrounds, racecourses or any other sporting or recreational facility of State, or regional, significance should no longer be recognised

(*) The prior year error of \$1.28 million was due to an overstatement of revaluation surplus and property, plant and equipment (buildings) during last year's infrastructure assets revaluation. The amount however is immaterial; therefore comparative figures have not been restated. Instead, the error has been corrected in the current financial year by reducing the buildings and revaluation surplus by \$1.28 million (refer to note 8a)

City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report

for the year ended 30 June 2024

Note 17. Notes to the statement of cash flows

(a) Reconciliation of cash

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

	Note	2024 Actual \$	2023 Actual \$
Cash and cash equivalents	3	43,325,236	32,935,495

Restrictions

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

- Cash and cash equivalents	3	29,840,361	16,657,329
- Financial assets at amortised cost	4	10,706,736	10,175,569
		40,547,097	26,832,898

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

Restricted reserve accounts	29	35,494,156	23,413,842
Capital grant liabilities	13	5,052,941	3,419,056
Total restricted financial assets		40,547,097	26,832,898

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

Net result		8,583,325	725,930
Non-cash items:			
Capital WIP reclassified to operating expenses	8a	304,481	2,765,263
Depreciation/amortisation	10a	16,875,730	14,349,530
(Profit)/loss on sale of asset	10b	4,872,583	2,319,757
Share of profits of associates		-	(801,395)
Adjustment to Forrestfield Industrial Area Scheme Stage 1		214,605	521,781
EMRC Divestment Loss	5.21	1,033,131	-
Cashflow impact of lease remeasurement		(6,265)	-
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		(852,962)	383,422
(Increase)/decrease in inventories		(14,897)	(517,393)
(Increase)/decrease in other assets		358,346	(244,176)
Increase/(decrease) in trade and other payables		(1,226,991)	(387,620)
Increase/(decrease) in accrued interest payable		(7,500)	-
Increase/(decrease) in other provisions		9,281	-
Increase/(decrease) in employee related provisions		171,905	187,872
Increase/(decrease) in other liabilities		1,419,280	(697,671)
Capital grants, subsidies and contributions		(16,094,453)	(5,795,555)
Net cash provided by/(used in) operating activities		15,639,599	12,809,745

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Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 17. Notes to the statement of cash flows (continued)

	2024	2023
	Actual	Actual
	\$	\$
(c) Undrawn borrowing facilities credit standby arrangements		
Bank overdraft limit	3,000,000	3,000,000
Credit card limit	85,000	85,000
Credit card balance at balance date	(3,470)	(825)
Total amount of credit unused	<u>3,081,530</u>	<u>3,084,175</u>

	2024	2023
	\$	\$
	Note	
(d) Loan facilities		
Loan facilities - current	14 1,230,983	1,258,442
Loan facilities - non-current	14 5,264,266	6,497,735
Total facilities in use at balance date	<u>6,495,249</u>	<u>7,756,177</u>

City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 18. Contingent liabilities

In compliance with the *Contaminated Sites Act 2003* Section 11, the City has listed the following sites to be possible sources of contamination.

Alan Anderson Reserve

180, Lawnbrook Road, Walliston, WA, 6076

Ledger Road Reserve

42, Ledger Road, Gooseberry Hill, WA, 6076

Old Quarry Dam

Lot 1879 on plan 168945, Piesse Brook, WA, 6076

Brand Road

65, Brand Road, High Wycombe, WA, 6057

101, Brae Road, High Wycombe, WA, 6057

29, Smokebush Place, High Wycombe, WA, 6057

39, Smokebush Place, High Wycombe, WA, 6057

Road Reserve, High Wycombe, WA, 6057 adjacent to:

39, Smokebush Place, High Wycombe, WA, 6057

29, Smokebush Place, High Wycombe, WA, 6057

65, Brand Road, High Wycombe, WA, 6057

101, Brae Road, High Wycombe, WA, 6057

51, Brand Road, High Wycombe, WA, 6057

Dawson Avenue

155, Dawson Avenue, Forrestfield, WA, 6058

191, Dawson Avenue, Forrestfield, WA, 6058

Pioneer Park

120, Dawson Avenue, Forrestfield, WA, 6058

170, Dawson Avenue, Forrestfield, WA, 6058

Maida Vale Reserve

20, Ridge Hill Road, Maida Vale, WA, 6057

Transfer Station (Including Pistolet & Rifle Club)

155, Lawnbrook Road, Walliston, WA, 6076

Hartfield Park Reserve

199, Hale Road, Forrestfield, WA, 6058

East Terrace Reserve

24, East Terrace, Kalamunda, WA, 6076

The City is in the process of conducting investigations to determine the presence and extent of contamination, assess the risk, and agree with the Department of Water and Environmental Regulation on the need and criteria for remediation of any confirmed unacceptable risk. The City is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the Department of Water and Environmental Regulation Guidelines.

The City uses the funds in the Waste Avoidance and Resource Recovery reserve (Note 29) to facilitate the evaluation and annual maintenance of contaminated sites and any future remediation work.

City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 19. Capital commitments

	2024	2023
	\$	\$
(a) Capital expenditure commitments		
Contracted for:		
- capital expenditure projects	1,776,506	3,723,122
- other	-	474,959
Total capital expenditure commitments	1,776,506	4,198,081
Payable:		
- not later than one year	1,776,506	4,198,081
Total capital expenditure commitments	1,776,506	4,198,081

At the end of each financial year the City reviews the position of its incomplete capital expenditure projects and the position of unexpended specific purpose grants. The City recognises the costs of major capital projects to be carried forward to the next financial year and transfers adequate funds to the unexpended capital works and specific purpose grants reserve. The reserve is fully cash backed and categorised under restricted cash.

City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 20. Related party transactions

Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
(a) Council Member Remuneration			
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
Mayor's meeting attendance fees	32,373	32,410	31,928
Mayor's annual allowance for ICT expenses	3,496	3,500	3,500
Mayor's annual allowance for travel and accommodation expenses	100	100	50
All other council member's meeting attendance fees	176,221	175,233	226,205
All other council member's annual allowance for ICT expenses	21,920	25,375	29,650
All other council member's annual allowance for travel and accommodation expenses	729	735	475
Mayor's annual allowance	65,839	65,915	64,938
Deputy Mayor's annual allowance	16,461	16,480	16,234
Deputy Mayor's meeting attendance fees	24,170	24,170	23,811
Deputy Mayor's annual allowance for ICT expenses	3,500	3,500	3,500
Deputy Mayor's annual allowance for travel and accommodation expenses	100	100	50
Total	344,909	347,518	400,341

Note	2024 Actual \$	2023 Actual \$
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(b) Key management personnel

Key Management Personnel (KMP) Compensation

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

Short-term employee benefits	1,106,441	1,155,043
Employee - other long-term benefits	341,533	374,404
Post-employment benefits	121,331	116,936
Employee - termination benefits	73,949	-
Council member costs	344,909	400,341
Total	1,988,163	2,046,724

Short-term employee benefits

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

Post-employment benefits

These amounts are the current-year's 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

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City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 20. Related party transactions (continued)

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

Council member costs

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

(c) Transactions with related parties

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

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

	2024 Actual \$	2023 Actual \$
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In addition to KMP compensation above the following transactions occurred with related parties:

Purchase of goods and services	—	4,228,542
	—	4,228,542

Amounts payable to related parties:

Trade and other payables	—	410,338
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Related parties

The City's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 20(a) and 20(b).

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.

City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 21. 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		2024	2023
	2024	2023	Actual	Actual
			\$	\$
Eastern Metropolitan Regional Council (EMRC)	-	17.29%	-	30,718,215
Total equity-accounted investments			-	30,718,215

Eastern Metropolitan Regional Council

The City of Kalamunda was a participant in the Eastern Metropolitan Regional Council (EMRC) and had a share in the Net Assets of EMRC. The City's interest in the EMRC, calculated by the EMRC as of 30 June 2023, was 17.29% representing its share of Net Assets \$30,718,215. On the 22 November 2022, the City issued its Notice of Withdrawal from the EMRC. The effective date of the withdrawal is after 30 June 2023. Consequently, the withdrawal took effect 1 July 2023. The City's equity entitlement is subject to a different valuation methodology and process prescribed in the Establishment Agreement for withdrawing participants. This process is ongoing and is planned to be finalised and paid by 31 July 2025 as such the nature of this investment has been transferred to non-current asset receivable (refer to note 5) and discounted to the present value of \$29,550,669. The difference of \$1,167,546 is accounted for as a loss on divestment (refer to note 2b) worth \$1,033,131 and revaluation adjustment worth \$134,416 (refer to note 16).

	2024	2023
	Actual	Actual
	\$	\$
Summarised statement of comprehensive income		
Revenue	-	51,844,081
Interest revenue	-	2,376,427
Finance charge	-	(254,430)
Depreciation	-	(3,969,028)
Profit/(loss) from continuing operations	-	6,279,143
Profit/(loss) for the period	-	6,279,143
Other comprehensive income	-	635,245
Total comprehensive income for the period	-	6,914,388
Summarised statement of financial position		
Cash and cash equivalents	-	35,624,162
Other current assets	-	49,371,020
Total current assets	-	84,995,182
Non-current assets	-	129,024,122
Total non-current assets	-	129,024,122
Current financial liabilities	-	8,937,898
Other current liabilities	-	21,000,517
Total current liabilities	-	29,938,415
Non-current financial liabilities	-	6,407,147
Total non-current liabilities	-	6,407,147
Net assets	-	177,673,742

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Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 21. Investment in associates (continued)

	2024 Actual \$	2023 Actual \$
Reconciliation to carrying amounts		
Opening net assets 1 July	–	170,759,354
Profit/(loss) for the period	–	6,279,143
Other comprehensive income	–	635,245
Closing net assets 1 July	–	177,673,742
Carrying amount at 1 July		
- Share of associates net profit/(loss) for the period	–	801,395
- Share of associates other comprehensive income arising during the period	–	45,317
- Distribution of equity by associate	–	–
- Contribution to equity in associate	–	–
Carrying amount at 30 June	–	30,718,215

MATERIAL ACCOUNTING POLICIES

Investments in associates

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

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

City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 22. Financial risk management

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted average interest rate %	Carrying amounts \$	Fixed interest rate \$	Variable interest rate \$	Non interest bearing \$
2024					
Cash and cash equivalents	4.35%	43,325,236	3,629,482	34,059,150	5,636,604
Financial assets at amortised cost - term deposits	5.10%	10,706,736	10,706,736	—	—
2023					
Cash and cash equivalents	3.99%	32,935,495	3,464,630	21,499,544	7,971,321
Financial assets at amortised cost - term deposits	3.66%	10,175,569	10,175,569	—	—

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Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 22. Financial risk management (continued)

Sensitivity

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

	2024 \$	2023 \$
Impact of a 1% movement in interest rates on profit or loss and equity *	340,592	214,995

(*) Holding all other variables constant

Borrowings

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

(b) Credit risk

Trade and Other Receivables

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

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

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

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

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

	Current \$	More than 30 days past due \$	More than 60 days past due \$	More than 90 days past due \$	Total \$
30 June 2024					
Trade receivables					
Expected credit loss	0.04%	0.05%	0.05%	0.86%	
Gross carrying amount	463,464	19,855	18,620	32,199	534,138
Loss allowance	185	10	9	277	481
Other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	-	-	-	-	-
Loss allowance	-	-	-	-	-
30 June 2023					
Trade receivables					
Expected credit loss	0.07%	0.08%	0.09%	0.74%	
Gross carrying amount	298,936	41,354	7,462	72,151	419,903
Loss allowance	209	33	7	534	783

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City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 22. Financial risk management (continued)

	Current \$	More than 30 days past due \$	More than 60 days past due \$	More than 90 days past due \$	Total \$
Other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	-	-	-	-	-
Loss allowance	-	-	-	-	-

(c) Liquidity risk

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 17(c).

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2024					
Trade and other payables	10,132,019	-	-	10,132,019	10,132,019
Borrowings	1,431,432	4,469,332	1,357,514	7,258,278	6,495,249
Lease liabilities	144,241	521,918	162,446	828,605	694,637
	<u>11,707,692</u>	<u>4,991,250</u>	<u>1,519,960</u>	<u>18,218,902</u>	<u>17,321,905</u>
2023					
Trade and other payables	11,369,788	-	-	11,369,788	11,369,788
Borrowings	1,491,312	5,840,884	1,357,514	8,689,710	8,689,710
Lease liabilities	59,965	526,213	-	586,178	586,178
	<u>12,921,065</u>	<u>6,367,097</u>	<u>1,357,514</u>	<u>20,645,676</u>	<u>20,645,676</u>

(*) Borrowings include the principal and interest repayments due.

City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 23. Events occurring after the end of the reporting period

There have been no significant events after the reporting period that are to be included in 2023-24 Financial Report.

City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report

for the year ended 30 June 2024

Note 24. Other Material Accounting Policies

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level 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

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City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report for the year ended 30 June 2024

Note 24. Other Material Accounting Policies (continued)

or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount except for non-financial assets that are:

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

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 10.

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

City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 25. Function and activity

(a) Service objectives and descriptions

City operations as disclosed in these financial statements encompass the following service orientated functions and activities.

NAME AND OBJECTIVES	DESCRIPTION
<p>GOVERNANCE To provide a decision-making process for the efficient allocation of scarce resources.</p>	<p>Includes the activities of members of Council and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the task of assisting council members and ratepayers on matters which do not concern specific local government services.</p>
<p>GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.</p>	<p>Rates, general purpose government grants and interest revenue.</p>
<p>LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.</p>	<p>Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.</p>
<p>HEALTH To provide an operational framework for environmental and community health.</p>	<p>Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.</p>
<p>EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth.</p>	<p>Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home care programs and youth services.</p>
<p>COMMUNITY AMENITIES To provide services required by the community.</p>	<p>Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.</p>
<p>RECREATION AND CULTURE To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.</p>	<p>Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.</p>
<p>TRANSPORT To provide safe, effective and efficient transport services to the community.</p>	<p>Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.</p>
<p>ECONOMIC SERVICES To help promote the local government and its economic wellbeing.</p>	<p>Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.</p>
<p>OTHER PROPERTY AND SERVICES To monitor and control operating accounts.</p>	<p>Private works operation, plant repair and costs.</p>

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City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 25. Function and activity (continued)

(b) Income and expenses

	2024 Actual \$	2023 Actual \$
Income excluding grants, subsidies and contributions		
General purpose funding	48,303,016	44,727,650
Law, order, public safety	324,462	336,545
Health	967,204	932,623
Education and welfare	17,450	47,824
Community amenities	15,116,683	14,530,831
Recreation and culture	1,550,271	1,322,001
Transport	-	1,446
Economic services	385,504	391,944
Other property and services	264,916	999,175
	<u>66,929,506</u>	<u>63,290,039</u>
Grants, subsidies and contributions		
Governance	-	8,495
General purpose funding	2,898,398	3,718,140
Law, order, public safety	179,835	701,559
Education and welfare	8,908	6,011
Community amenities	154,871	157,854
Recreation and culture	5,014,160	2,351,438
Transport	8,188,709	2,704,138
Other property and services	2,815,914	1,442,812
	<u>19,260,795</u>	<u>11,090,447</u>
Total income	<u>86,190,301</u>	<u>74,380,486</u>
Expenses		
Governance	(2,596,455)	(3,054,364)
General purpose funding	(924,242)	(923,469)
Law, order, public safety	(2,531,512)	(2,350,096)
Health	(1,986,868)	(1,976,471)
Education and welfare	(426,582)	(396,236)
Community amenities	(16,779,206)	(16,049,757)
Recreation and culture	(24,251,678)	(23,491,651)
Transport	(17,665,327)	(16,680,072)
Economic services	(1,168,175)	(1,297,298)
Other property and services	(9,276,931)	(7,435,142)
	<u>(77,606,976)</u>	<u>(73,654,556)</u>
Net result for the period	<u>8,583,325</u>	<u>725,930</u>

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City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 25. Function and activity (continued)

(c) Total assets

	2024	2023
	Actual	Actual
	\$	\$
Governance	8,825,417	8,707,819
General purpose funding	28,519,904	29,483,365
Law, order, public safety	1,281,711	1,281,711
Health	3,650,820	3,825,654
Education and welfare	2,743,831	2,743,831
Community amenities	114,325,337	110,781,246
Recreation and culture	108,543,599	103,856,837
Transport	420,445,987	422,852,332
Economic services	2,425	2,425
Other property and services	10,953,869	9,162,423
Total assets	699,292,900	692,697,643

City of Kalamunda

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 26. Rating information

Rates type	Basis of valuation	Rate in \$	Number of properties	2023/24		2023/24		2023/24		2023/24		2022/23	
				Actual Rateable value	Actual Rate revenue	Actual Interim rates	Actual Total revenue	Budget rate revenue	Actual Total revenue	Actual Total revenue			
General Rates													
Rates Description													
General GRV	Gross rental valuation	0.06361	21,359	476,165,400	30,285,664	152,707	30,438,371	30,278,722	28,748,485				
Industrial/Commercial GRV	Gross rental valuation	0.07609	590	137,866,003	10,490,376	682,603	11,152,979	10,490,377	10,304,306				
Vacant GRV	Gross rental valuation	0.09590	408	11,275,880	1,015,243	(38,507)	976,736	1,018,311	1,082,843				
General UV	Unimproved valuation	0.00366	285	202,765,000	741,106	989	742,095	741,106	718,932				
Industrial/Commercial UV	Unimproved valuation	0.00438	50	37,915,000	166,088	-	166,088	166,088	161,450				
Total general rates			22,692	865,987,283	42,698,457	777,792	43,476,249	42,694,584	41,016,016				
Minimum payment													
General GRV	Gross rental valuation	970.00	711	10,030,310	689,670	-	689,670	690,640	807,525				
Industrial/Commercial GRV	Gross rental valuation	1,220.00	48	570,157	58,560	-	58,560	58,560	53,498				
Vacant GRV	Gross rental valuation	770.00	336	1,420,080	258,720	-	258,720	258,720	278,920				
General UV	Unimproved valuation	970.00	-	-	-	-	-	-	-				
Industrial/Commercial UV	Unimproved valuation	1,220.00	3	288,557	3,660	-	3,660	3,660	3,489				
Total minimum payments			1,098	12,309,104	1,010,610	-	1,010,610	1,011,580	1,143,432				
Total general rates and minimum payments			23,790	878,296,387	43,709,067	777,792	44,486,859	43,706,164	42,159,448				
Ex-gratia rates													
Ex-gratia Rates		-	-	-	240,494	-	240,494	160,000	231,002				
Total amount raised from rates (excluding general rates)			-	-	240,494	-	240,494	160,000	231,002				
Exempt Properties													
General GRV							-		(67,993)				
Total rates							44,727,353		42,322,457				
Rates instalment interest							188,809		177,889				
Rates overdue interest							306,065		168,194				

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

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City of Kalamunda

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 26. Rating information (continued)

(*) Rateable Value at time of raising of rates.

City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 27. Determination of surplus or deficit

	Note	30 June 2024 Carried Forward	Budget 30 June 2024 Carried Forward	30 June 2023 Carried Forward
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	10b	(28,543)	–	(11,689)
Less: Share of net profit of associates and joint ventures accounted for using the equity method		–	–	(801,395)
Add: Loss on disposal of assets	10b	4,901,126	–	2,331,446
Add: Depreciation	10a	16,875,730	13,684,765	14,349,530
Add: Capital WIP transferred to expenses	8a	304,481	–	2,765,263
Add: Loss on EMRC divestment	2b	1,033,131	–	–
Pensioner deferred rates		–	(20,000)	(110,441)
Non-cash movements in non-current assets and liabilities:				
Employee benefit provisions		207,398	415,000	187,872
Other liabilities		–	–	(697,671)
Inventory		725,360	–	–
Bad debts written off		20,975	–	5,050
Non-cash amounts excluded from operating activities		24,039,658	14,079,765	18,017,965
(b) Non-cash amounts excluded from investing activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to investing activities				
Movement in non-current capital grant/contribution liability		–	–	492,577
Right of use assets received - non cash	11a	193,962	967,000	–
Non-cash amounts excluded from investing activities		193,962	967,000	492,577
(c) Non-cash amounts excluded from financing activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to financing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to financing activities				
Non cash proceeds from new leases	28c	(187,697)	(967,000)	–
Infrastructure opening balance variance adjusted		12,617	–	–
Non-cash amounts excluded from financing activities		(175,080)	(967,000)	–
(d) Surplus/(deficit) after imposition of general rates				

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City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 27. Determination of surplus or deficit (continued)

	Note	30 June 2024 Carried Forward	Budget 30 June 2024 Carried Forward	30 June 2023 Carried Forward
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserve accounts	29	(35,494,156)	(17,931,166)	(23,413,840)
Less: Financial assets at amortised cost - self supporting loans	4a	(9,646)	(12,131)	(13,889)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	14	1,230,983	1,233,468	1,258,442
- Current portion of lease liabilities	11	108,852	367,000	59,965
- Employee benefit provisions		4,812,535	5,100,000	4,848,028
Other liabilities		-	1,934,971	-
Land held for sale		-	(536,500)	-
Total adjustments to net current assets		(29,351,432)	(9,844,358)	(17,261,294)
Net current assets used in the Statement of Financial Activity				
Total current assets		59,409,086	34,288,477	47,191,740
Less: Total current liabilities		(21,346,611)	(24,402,922)	(20,955,279)
Less: Total adjustments to net current assets		(29,351,432)	(9,844,358)	(17,261,294)
Surplus or deficit after imposition of general rates		8,711,043	41,197	8,975,167

City of Kalamunda

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 28. Borrowing and lease liabilities

(a) Borrowings

Purpose	Principal at 1 July 2022	New loans During 2022-23	Principal repayments During 2022-23	Actual Principal at 30 June 2023	New loans During 2023-24	Principal repayments During 2023-24	Budget New Loans During 2023-24	Principal at 1 July 2023	Actual Principal at 30 June 2024	Principal repayments	Principal at 30 June 2024
Depot Waste Trucks	702,941	-	(57,776)	645,165	-	(61,075)	-	645,165	584,090	(61,075)	584,090
Forrestfield North Development Project - Loan 1	268,638	-	(50,566)	218,072	-	(52,099)	-	218,071	165,971	(52,100)	165,971
Wattle Grove South Planning Study	60,443	-	(19,999)	40,444	-	(20,147)	-	40,444	20,287	(20,147)	20,287
High Wycombe Roads - testing and design	30,221	-	(9,999)	20,222	-	(10,074)	-	20,222	10,148	(10,074)	10,148
Forrestfield North Structure Planning	145,062	-	(47,997)	97,065	-	(48,353)	-	97,065	48,712	(48,353)	48,712
MKSEA Kalamunda Wedge - Development Contribution Plan	24,177	-	(8,000)	16,177	-	(8,059)	-	16,177	8,118	(8,059)	8,118
MKSEA - Preliminary investigations and consultation	42,310	-	(13,999)	28,311	-	(14,103)	-	28,311	14,208	(14,103)	14,208
Foothills Netball Association	47,235	-	(6,068)	41,178	-	(6,456)	-	41,178	34,722	(6,456)	34,722
Kalamunda Swimming Pool	1,130,819	-	(92,944)	1,037,875	-	(98,251)	-	1,037,875	939,624	(98,251)	939,624
Future Aquatic facility study (Needs analysis)	60,443	-	(19,999)	40,444	-	(20,147)	-	40,444	20,297	(20,147)	20,297
Operations Centre	1,178,329	-	(115,327)	1,063,002	-	(123,267)	-	1,063,002	939,735	(123,267)	939,735
Fleet - Major Plant Replacement Program	1,818,187	-	(295,376)	1,522,811	-	(298,397)	-	1,522,810	1,224,414	(298,397)	1,224,413
Fleet - Light Plant Replacement Program	104,213	-	(51,927)	52,286	-	(52,286)	-	52,286	-	(52,286)	-
New road Project - Kalamunda Town Centre Upgrade Stage 1	404,883	-	(48,448)	356,435	-	(49,050)	-	356,435	307,385	(49,050)	307,385
Fleet - Minor Plant Replacement Program	237,547	-	(58,764)	178,783	-	(59,177)	-	178,827	119,650	(59,177)	119,650
Fleet - Major Plant Replacement Program	632,937	-	(87,278)	545,659	-	(88,305)	-	545,796	457,354	(88,305)	457,491
Fleet - Light Plant Replacement Program	103,779	-	(34,406)	69,373	-	(34,593)	-	69,475	34,780	(34,593)	34,882
New road Project - Kalamunda Town Centre Upgrade Stage 1	906,326	-	(95,026)	811,300	-	(96,398)	-	811,541	714,902	(96,398)	715,143
Female Change Rooms	815,694	-	(85,524)	730,170	-	(86,758)	-	730,386	643,412	(86,758)	643,628
Forrestfield North Development Project - Loan 2	200,000	-	(16,942)	183,058	-	(17,558)	-	183,058	165,500	(17,558)	165,500
Total	8,914,184	-	(1,216,355)	7,697,830	-	(1,244,553)	-	7,698,568	6,453,277	(1,244,553)	6,454,015
Self Supporting Loans											
Forrestfield United Soccer Club	59,749	-	(8,644)	51,105	-	(9,132)	-	51,105	41,973	(9,132)	41,973
Maida Vale Tennis Club	11,730	-	(4,487)	7,243	-	(7,243)	-	7,243	-	(4,796)	2,485
Total Self Supporting Loans	71,479	-	(13,131)	58,348	-	(16,375)	-	58,348	41,973	(13,890)	44,458
Total Borrowings	8,985,663	-	(1,229,486)	7,756,178	-	(1,260,928)	-	7,756,916	6,495,250	(1,258,443)	6,498,473

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City of Kalamunda

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 28. Borrowing and lease liabilities (continued)

(a) Borrowings

Borrowing Finance Cost Payments

Purpose	Loan number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2024	Budget for year ending 30 June 2024	Actual for year ending 30 June 2023
Depot Waste Trucks	228	WATC	5.63%	14/09/31	34,448	35,475	37,802
Forrestfield North Development Project - Loan 1	230	WATC	3.01%	28/04/27	5,886	6,175	7,442
Wattle Grove South Planning Study	231	WATC	0.74%	19/05/25	245	262	383
High Wycombe Roads - testing and design	232	WATC	0.74%	19/05/25	122	131	197
Forrestfield North Structure Planning	233	WATC	0.74%	19/05/25	587	629	943
MKSEA Kalamunda Wedge - Development Contribution Plan	234	WATC	0.74%	19/05/25	98	105	157
MKSEA - Preliminary investigations and consultation	235	WATC	0.74%	19/05/25	171	183	275
Foothills Netball Association	216	WATC	6.37%	10/11/28	2,462	2,522	2,858
Kalamunda Swimming Pool	227	WATC	5.63%	14/09/31	55,417	57,069	60,812
Future Aquatic facility study (Needs analysis)	236	WATC	0.74%	19/05/25	245	262	393
Operations Centre	221	WATC	6.77%	15/01/30	66,467	68,914	74,521
Fleet - Major Plant Replacement Program	237	WATC	1.02%	19/05/28	14,415	14,774	17,439
Fleet - Light Plant Replacement Program	238	WATC	1.02%	19/05/24	228	271	587
New road Project - Kalamunda Town Centre Upgrade Stage 1	239	WATC	1.24%	19/05/30	4,197	4,268	4,800
Fleet - Minor Plant Replacement Program	240	WATC	0.70%	10/06/28	1,128	1,152	1,542
Fleet - Major Plant Replacement Program	241	WATC	1.17%	10/06/29	6,084	6,143	7,112
Fleet - Light Plant Replacement Program	242	WATC	0.54%	318	318	329	505
New road Project - Kalamunda Town Centre Upgrade Stage 1	243	WATC	1.44%	10/06/31	11,246	11,326	12,619
Female Change Rooms	244	WATC	1.44%	10/06/31	10,121	10,183	11,357
Forrestfield North Development Project - Loan 2	245	WATC	3.60%	05/05/32	6,340	6,439	6,959
Total					220,225	227,622	248,713

Self Supporting Loans Finance Cost Payments

Forrestfield United Soccer Club	214	WATC	5.56%	30/05/28	2,623	2,667	3,104
Marda Vale Tennis Club	217	WATC	5.95%	12/11/24	38	361	596
Total Self Supporting Loans Finance Cost Payments					2,661	3,028	3,700
Total Finance Cost Payments					222,886	230,650	252,413

(*) WA Treasury Corporation

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City of Kalamunda

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 28. Borrowing and lease liabilities (continued)

(b) New Borrowings - 2023/24

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					Actual	Budget	Actual	Budget		
Scott Reserve Redevelopment	WATC	Fixed Term	5 Years	4.25%	-	2,000,000	-	-	-	-
					-	2,000,000	-	-	-	-

Unspent borrowings balance:

The City had no unspent borrowings as of 30 June 2024 neither did the City borrow any money during the year.

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City of Kalamunda

Notes to and forming part of the Financial Report for the year ended 30 June 2024

Note 28. Borrowing and lease liabilities (continued)

(c) Lease liabilities

Purpose	Note	Actual				Budget						
		Principal at 1 July 2022	New leases During 2022-23	Principal repayments During 2022-23	Principal at 30 June 2023	New leases and Re-measurement During 2023-24	Principal repayments During 2023-24	Principal at 30 June 2024	Principal at 1 July 2023	New leases During 2023-24	Principal repayments During 2023-24	Principal at 30 June 2024
Photocopiers and printers lease		56,196	-	(44,915)	11,281	-	(11,281)	-	11,281	-	(11,281)	-
Cardio equipment lease		110,127	-	(21,127)	89,000	-	(21,953)	67,047	89,000	-	(21,953)	67,047
Forrestfield library building lease		-	485,897	-	485,897	26,312	(26,552)	485,657	-	350,000	(70,000)	280,000
Photocopiers lease		-	-	-	-	127,907	(14,036)	113,871	-	160,000	(36,719)	123,281
Body Bike Lease		-	-	-	-	33,478	(5,416)	28,062	-	217,000	(32,297)	184,703
Computers Lease		-	-	-	-	-	-	-	-	240,000	(120,000)	120,000
Total lease liabilities	11b	166,323	485,897	(66,042)	586,178	187,697	(79,238)	694,637	100,281	967,000	(292,250)	775,031

(*) The Forrestfield Library building lease was re-measured in the FY 2023-24 due to rent increase. The lease liability has increased by \$26,312. Refer Note. 11a for ROU impact.

Purpose	Lease number	Institution	Lease interest rate	Date final payment is due	Actual for year ending 30 June 2024	Budget for year ending 30 June 2024	Actual for year ending 30 June 2023	Lease term
Photocopiers and printers lease	1	Vestone Capital Pty Ltd	0.74%	30/09/23	(14)	(14)	(263)	36 Months
Cardio equipment lease	2	MAIA Financial	3.95%	09/05/27	(3,076)	(3,076)	(3,902)	60 Months
Forrestfield library building lease	3	Hype Park Management Ltd	5.20%	09/10/32	(26,792)	(24,464)	-	120 Months
Photocopiers lease	4	MAIA Financial	7.67%	31/12/27	(4,485)	-	-	48 months
Body Bike Lease	5	MAIA Financial	9.24%	30/09/27	(2,063)	-	-	48 months
Total Finance Cost Payments					(36,430)	(27,554)	(4,165)	

City of Kalamunda

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 29. Reserve accounts

	2024		2024		2024		2024		2024		2023		2023			
	Opening Balance Actual	Transfer to Actual	Transfer (from) Actual	Closing Balance Actual	Opening Balance Budget	Transfer to Budget	Transfer (from) Budget	Closing Balance Budget	Opening Balance Actual	Transfer to Actual	Transfer (from) Actual	Closing Balance Actual	Opening Balance Actual	Transfer to Actual	Transfer (from) Actual	Closing Balance Actual
Restricted by legislation/agreement																
(a) Waste Avoidance and Resource Recovery Reserve	1,588,716	73,315	(248,149)	1,413,882	1,118,828	569,906	(918,040)	770,864	1,217,374	1,086,651	(715,309)	1,568,716				
(b) Forrestfield Industrial Scheme Stage 1 Reserve	1,260,533	501,850	(287,244)	1,475,139	986,552	1,008,419	(60,000)	1,934,971	738,752	566,262	(44,481)	1,260,533				
(c) Forrestfield Industrial Area Reserve	128,743	5,975	-	134,718	127,131	1,085	-	128,216	125,049	3,694	-	128,743				
(f) Public Open Space Funds Reserve - High Wycombe	240,229	10,693	-	250,922	266,894	2,277	-	269,171	182,849	57,380	(65,500)	240,229				
(g) Public Open Space Funds Reserve - Maida Vale	2,167	96	-	2,263	66,754	569	-	67,323	65,660	2,007	-	2,167				
(h) Public Open Space Funds Reserve - Kalamunda	131,520	171,031	(131,079)	171,472	129,053	1,101	-	130,154	35,135	76,385	-	131,520				
(i) Public Open Space Funds Reserve - Forrestfield	243,865	79,013	(121,662)	201,216	239,290	2,042	-	241,332	121,074	122,791	-	243,865				
(j) Public Open Space Funds Reserve - Lesmurdie	3,595,773	841,973	(788,134)	3,649,612	2,934,502	1,585,399	(978,040)	3,541,861	2,505,893	1,915,170	(825,290)	3,595,773				
Restricted by council																
(k) Waste Management Reserve	5,346,986	2,226,300	-	7,573,286	5,400,033	46,082	(2,255,135)	3,190,980	5,514,203	425,722	(592,939)	5,346,986				
(l) Long Service Leave Reserve	2,486,534	116,482	-	2,603,016	2,461,574	521,007	-	2,982,581	1,759,278	727,256	-	2,486,534				
(m) Land and Property Enhancement and Maintenance Reserve	1,373,607	2,242,745	-	3,616,352	1,266,927	10,812	(192,000)	1,085,739	1,941,103	51,419	(616,915)	1,373,607				
(n) EDP IT Equipment Reserve	1,718,880	2,830,521	-	4,549,401	1,701,808	1,114,522	(680,000)	2,136,330	877,200	841,880	-	1,718,880				
(o) Local Government Elections Reserve	105,412	117,598	-	223,010	103,448	100,883	(100,000)	104,331	72,245	33,167	-	105,412				
(p) Insurance Contingency Reserve	191,155	8,927	(200,082)	-	188,749	1,611	-	190,360	185,658	5,498	-	191,155				
(q) Revaluation Reserve	107,513	4,991	(112,504)	-	106,327	907	-	107,234	104,585	2,928	-	107,513				
(r) Nominated Employee Leave Provisions Reserve	2,213,057	103,670	-	2,316,727	2,187,014	218,664	-	2,405,678	2,102,010	111,046	-	2,213,056				
(s) Asset Enhancement Reserve	2,386,882	2,742,487	-	5,129,379	1,798,772	215,350	(63,985)	1,950,137	4,201,413	115,071	(1,929,602)	2,386,882				
(t) Unexpended Capital Works and Specific Purpose Grants Reserve	3,661,771	1,563,017	-	5,224,788	3,619,025	30,884	(3,619,025)	30,884	4,923,362	3,756,168	(5,017,759)	3,661,771				
(u) Environmental Reserve	9,657	451	-	10,108	9,194	79	-	9,273	9,044	614	-	9,658				
(v) Public Art Reserve	216,614	381,863	-	598,477	194,121	1,657	-	195,778	161,433	55,181	-	216,614				
(x) Cambridge Reserve Development	19,818,068	12,339,062	(312,586)	31,844,544	19,036,992	2,262,458	(6,910,145)	14,389,305	21,851,534	6,145,750	(8,179,215)	19,818,069				
	23,413,841	13,181,035	(1,100,720)	35,494,156	21,971,494	3,847,857	(7,888,185)	17,931,166	24,357,427	8,060,920	(9,004,505)	23,413,842				

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

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

(*) Discontinued reserve as at 30 June 2024

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City of Kalamunda

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 29. Reserve accounts (continued)

Name of reserve	Purpose of the reserve
Restricted by legislation/agreement	
(a) Waste Avoidance and Resource Recovery Reserve	Any surplus raised in the year for the purpose of managing the contaminated sites will be placed in the reserve for utilisation in future years
(b) Forrestfield Industrial Scheme Stage 1 Reserve	The reserve is established to meet the City's reporting obligation under clause 6.5.16 of the City of Kalamunda Local Planning Scheme No. 3. The funds that were managed under the Trust for the scheme were transferred to the newly established reserve on 23rd June 2015. The reserve will be maintained to reflect all transactions related to the scheme for the benefit of the scheme members.
(c) Forrestfield Industrial Area Reserve	To fund infrastructure requirements for the Forrestfield area.
(d) Public Open Space Funds Reserve	To hold money received for the development and maintenance of Public Open Spaces
(e) Public Open Space Funds Reserve - Gooseberry Hill	To hold money received for the development and maintenance of Public Open Spaces as required by section 154 of the Planning and Development Act 2005
(f) Public Open Space Funds Reserve - High Wycombe	To hold money received for the development and maintenance of Public Open Spaces as required by section 154 of the Planning and Development Act 2005
(g) Public Open Space Funds Reserve - Malda vale	To hold money received for the development and maintenance of Public Open Spaces as required by section 154 of the Planning and Development Act 2005
(h) Public Open Space Funds Reserve - Kalamunda	To hold money received for the development and maintenance of Public Open Spaces as required by section 154 of the Planning and Development Act 2005
(i) Public Open Space Funds Reserve - Forrestfield	To hold money received for the development and maintenance of Public Open Spaces as required by section 154 of the Planning and Development Act 2005
(j) Public Open Space Funds Reserve - Lesmurdie	To hold money received for the development and maintenance of Public Open Spaces as required by section 154 of the Planning and Development Act 2005
Restricted by council	
(k) Waste Management Reserve	To fund financing operations for the development of the City's sanitation service
(l) Long Service Leave Reserve	To provide cash-backing for all long service leave entitlements.
(m) Land and Property Enhancement and Maintenance Reserve	To fund land and property purchases, upgrade and maintenance of existing properties.
(n) EDP IT Equipment Reserve	To fund the upgrade / replacement of the City's computer hardware and software requirements.
(o) Local Government Elections Reserve	To fund the cost of future elections.
(p) Insurance Contingency Reserve	To fund insurance premium variations and potential call backs.
(q) Revaluation Reserve	To fund triennial rating revaluations.
(r) Nominated Employee Leave Provisions Reserve	To fund future nominated staff leave entitlements.
(s) Asset Enhancement Reserve	To fund future replacement of City's Infrastructure and plant and equipment needs.
(t) Unexpended Capital Works and Specific Purpose Grants Reserve	To carry forward available funding for uncompleted projects and specific purpose grants, that will be completed and expended in ensuing financial years.
(u) Environmental Reserve	To fund environment strategies and projects.
(v) Public Art Reserve	To fund future Public Art projects.
(w) Strategic Sport and Recreation Reserve	To fund future Strategic Sport and Recreation capital projects.
(x) Cambridge Reserve Development	To fund transactions related to the Cambridge Reserve development.

City of Kalamunda

Financial Report 2024

Notes to and forming part of the Financial Report
for the year ended 30 June 2024

Note 30. Trust funds

	1-Jul-2023	Amounts received	Amounts paid	30 June 2024
	\$	\$	\$	\$
Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:				
Wattle Grove - Cell 9 *	6,824,076	287,669	(1,330,224)	5,781,521
Cash-in-lieu of public open space	699,565	161,538	(629,759)	231,344
NBN Tower Pickering Brook	44,818	24,132	(13,755)	55,195
	<u>7,568,459</u>	<u>473,339</u>	<u>(1,973,738)</u>	<u>6,068,060</u>

(*) The Wattle Grove CELL 9 Trust includes an amount of \$3.9 million payable to the Department of Education for their contribution to the Trust in the form of the Wattle Grove Primary School land.



Auditor General

INDEPENDENT AUDITOR'S REPORT

2024

City of Kalamunda

To the Council of the City of Kalamunda

Opinion

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

- the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of financial activity for the year then ended
- notes comprising a summary of material accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the City for the year ended 30 June 2024 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

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

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

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2024, but not the financial report and my auditor's report.

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

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the City of Kalamunda for the year ended 30 June 2024 included in the annual report on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the City to confirm the information contained in the website version.



Grant Robinson
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Delegate of the Auditor General for Western Australia
Perth, Western Australia
8 November 2024