

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

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

To be Australia's most liveable regional City.

Principal place of business:
Lot 1083 Welcome Road
Karratha, WA 6714

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

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

STATEMENT BY CEO

The accompanying financial report of the City of Karratha 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 12th day of December 2024



CEO

Virginia Miltrup
Name of CEO



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

	NOTE	2024 Actual \$	2024 Budget \$	2023 Actual \$
Revenue				
Rates	2(a),27	54,861,525	54,760,778	49,061,054
Grants, subsidies and contributions	2(a)	18,828,429	16,747,721	16,800,058
Fees and charges	2(a)	62,270,194	57,907,917	53,596,090
Interest revenue	2(a)	6,208,182	5,731,009	3,673,354
Other revenue	2(a)	1,046,525	783,854	1,458,989
		143,214,855	135,931,279	124,589,545
Expenses				
Employee costs	2(b)	(45,087,635)	(40,073,621)	(38,920,864)
Materials and contracts		(32,899,382)	(33,896,015)	(31,418,003)
Utility charges		(7,385,085)	(6,319,707)	(6,354,674)
Depreciation		(29,337,164)	(29,211,014)	(27,394,053)
Finance costs	2(b)	(265,170)	(348,440)	(118,838)
Insurance		(3,773,833)	(3,376,414)	(3,313,238)
Other expenditure	2(b)	(2,380,297)	(2,549,417)	(1,930,745)
		(121,128,566)	(115,774,628)	(109,450,415)
		22,086,289	20,156,651	15,139,130
Capital grants, subsidies and contributions	2(a)	3,376,258	3,369,694	2,822,864
Profit on asset disposals		35,447	0	519,054
Loss on asset disposals		(1,875,761)	(30,000)	(1,528,097)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	9,393	0	0
Fair value adjustments to investment property	12	6,937,242	0	4,174,392
Loss on revaluation of land and buildings	8(a)	(604,555)	0	0
		7,878,024	3,339,694	5,988,213
Net result for the period	26(b)	29,964,313	23,496,345	21,127,343
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	18	492,326	0	220,098
Total other comprehensive income for the period	18	492,326	0	220,098
Total comprehensive income for the period		30,456,639	23,496,345	21,347,441

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



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

	NOTE	2024 \$	2023 \$
CURRENT ASSETS			
Cash and cash equivalents	3	14,993,326	15,536,908
Trade and other receivables	5	9,044,641	8,528,026
Other financial assets	4(a)	106,021,285	73,024,711
Inventories	6	2,005,847	2,901,664
Other assets	7	6,855,926	4,326,374
TOTAL CURRENT ASSETS		138,921,025	104,317,683
NON-CURRENT ASSETS			
Other financial assets	4(b)	3,945,549	3,955,342
Property, plant and equipment	8	297,560,753	303,744,458
Infrastructure	9	408,731,471	414,283,217
Right-of-use assets	11(a)	886,435	1,044,196
Investment property	12	46,350,000	39,300,000
TOTAL NON-CURRENT ASSETS		757,474,208	762,327,213
TOTAL ASSETS		896,395,233	866,644,896
CURRENT LIABILITIES			
Trade and other payables	13	11,569,062	12,187,618
Other liabilities	14	609,084	280,000
Lease liabilities	11(b)	133,322	134,325
Borrowings	15	21,285	24,765
Employee related provisions	16	4,634,109	4,061,537
TOTAL CURRENT LIABILITIES		16,966,862	16,688,245
NON-CURRENT LIABILITIES			
Lease liabilities	11(b)	807,005	940,327
Borrowings	15	0	19,186
Employee related provisions	16	267,696	340,444
Other provisions	17	5,471,760	6,231,423
TOTAL NON-CURRENT LIABILITIES		6,546,461	7,531,380
TOTAL LIABILITIES		23,513,323	24,219,625
NET ASSETS		872,881,910	842,425,271
EQUITY			
Retained surplus		471,038,754	472,216,783
Reserve accounts	30	115,590,641	84,448,299
Revaluation surplus	18	286,252,515	285,760,189
TOTAL EQUITY		872,881,910	842,425,271

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



CITY OF KARRATHA
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		457,512,213	78,025,526	285,540,091	821,077,830
Comprehensive income for the period					
Net result for the period		21,127,343	0	0	21,127,343
Other comprehensive income for the period	18	0	0	220,098	220,098
Total comprehensive income for the period		21,127,343	0	220,098	21,347,441
Transfers from reserve accounts	30	30,848,592	(30,848,592)	0	0
Transfers to reserve accounts	30	(37,271,365)	37,271,365	0	0
Balance as at 30 June 2023		472,216,783	84,448,299	285,760,189	842,425,271
Comprehensive income for the period					
Net result for the period		29,964,313	0	0	29,964,313
Other comprehensive income for the period	18	0	0	492,326	492,326
Total comprehensive income for the period		29,964,313	0	492,326	30,456,639
Transfers from reserve accounts	30	11,933,821	(11,933,821)	0	0
Transfers to reserve accounts	30	(43,076,163)	43,076,163	0	0
Balance as at 30 June 2024		471,038,754	115,590,641	286,252,515	872,881,910

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



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

	NOTE	2024 Actual \$	2023 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		55,257,316	48,125,347
Grants, subsidies and contributions		15,383,141	14,266,725
Fees and charges		62,171,861	55,062,702
Interest revenue		4,986,312	3,673,354
Goods and services tax received		593,572	160,382
Other revenue		1,046,525	1,458,989
		139,438,727	122,747,499
Payments			
Employee costs		(44,031,096)	(38,612,277)
Materials and contracts		(34,302,926)	(38,706,284)
Utility charges		(7,385,085)	(6,354,674)
Finance costs		(20,341)	(22,598)
Insurance paid		(3,773,833)	(3,313,238)
Goods and services tax paid		(661,730)	0
Other expenditure		(2,380,297)	(1,930,745)
		(92,555,308)	(88,939,816)
Net cash provided by operating activities	19(b)	46,883,419	33,807,683
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for financial assets at amortised cost - loans to clubs/institutions		0	(900,000)
Payments for financial assets at amortised cost		(33,000,052)	(11,597,825)
Payments for financial assets at amortised cost - self supporting loans		0	(50,000)
Payments for purchase of property, plant & equipment	8(a)	(8,245,635)	(15,350,610)
Payments for construction of infrastructure	9(a)	(11,084,744)	(17,054,113)
Payments for investment property	12	(112,758)	0
Capital grants, subsidies and contributions		3,376,258	2,822,864
Proceeds from financial assets at amortised cost - self supporting loans		22,666	24,765
Adjustments to fair value of investment property		0	4,174,392
Proceeds from sale of property, plant & equipment		975,684	1,099,639
Proceeds from sale of infrastructure		798,571	0
Net cash used in investing activities		(47,270,010)	(36,830,888)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	29(a)	(22,666)	(22,903)
Payments for principal portion of lease liabilities	29(b)	(134,325)	(168,429)
Proceeds from new borrowings	29(a)	0	50,000
Net cash used in financing activities		(156,991)	(141,332)
Net decrease in cash held		(543,582)	(3,164,537)
Cash at beginning of year		15,536,908	18,701,445
Cash and cash equivalents at the end of the year	19(a)	14,993,326	15,536,908

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



CITY OF KARRATHA
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	27	54,800,841	54,705,378	49,003,804
Rates excluding general rates	27	60,684	55,400	57,250
Grants, subsidies and contributions		18,828,429	16,747,721	16,800,058
Fees and charges		62,270,194	57,907,917	53,596,090
Interest revenue		6,208,182	5,731,009	3,673,354
Other revenue		1,046,525	783,854	1,458,989
Profit on asset disposals		35,447	0	519,054
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	9,393	0	0
Fair value adjustments to investment property	12	6,937,242	0	4,174,392
		150,196,937	135,931,279	129,282,991
Expenditure from operating activities				
Employee costs		(45,087,635)	(40,073,621)	(38,920,864)
Materials and contracts		(32,899,382)	(33,896,015)	(31,418,003)
Utility charges		(7,385,085)	(6,319,707)	(6,354,674)
Depreciation		(29,337,164)	(29,211,014)	(27,394,053)
Finance costs		(265,170)	(348,440)	(118,838)
Insurance		(3,773,833)	(3,376,414)	(3,313,238)
Other expenditure		(2,380,297)	(2,549,417)	(1,930,745)
Loss on asset disposals		(1,875,761)	(30,000)	(1,528,097)
Loss on revaluation of non-current assets		(604,555)	0	0
		(123,608,882)	(115,804,628)	(110,978,512)
Non cash amounts excluded from operating activities	28(a)	22,294,700	29,241,014	23,344,482
Amount attributable to operating activities		48,882,755	49,367,665	41,648,961
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		3,376,258	3,369,694	2,822,864
Proceeds from disposal of assets		1,774,255	763,272	1,099,639
Proceeds from financial assets at amortised cost - self supporting loans	29(a)	22,666	22,666	24,765
		5,173,179	4,155,632	3,947,268
Outflows from investing activities				
Payments for financial assets at amortised cost - self supporting loans		0	0	(50,000)
Payments for financial assets at amortised cost - loans to clubs/institutions		0	0	(900,000)
Purchase of property, plant and equipment	8(a)	(8,245,635)	(13,702,085)	(18,369,555)
Purchase and construction of infrastructure	9(a)	(12,217,169)	(14,828,201)	(23,083,053)
Payments for investment property	12	(112,758)	(347,000)	0
		(20,575,562)	(28,877,286)	(42,402,608)
Non-cash amounts excluded from investing activities	28(b)	1,840,374	(763,272)	2,813,333
Amount attributable to investing activities		(13,562,009)	(25,484,926)	(35,642,007)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	29(a)	0	0	50,000
Transfers from reserve accounts	30	11,933,821	9,638,265	30,848,592
		11,933,821	9,638,265	30,898,592
Outflows from financing activities				
Repayment of borrowings	29(a)	(22,666)	(22,666)	(22,903)
Payments for principal portion of lease liabilities	29(b)	(134,325)	(134,326)	(168,429)
Transfers to reserve accounts	30	(43,076,163)	(37,480,762)	(37,271,365)
		(43,233,154)	(37,637,754)	(37,462,697)
Amount attributable to financing activities		(31,299,333)	(27,999,489)	(6,564,105)
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	28(c)	4,126,240	4,126,240	4,745,520
Amount attributable to operating activities		48,882,755	49,367,665	41,648,961
Amount attributable to investing activities		(13,562,009)	(25,484,926)	(35,642,007)
Amount attributable to financing activities		(31,299,333)	(27,999,489)	(6,564,105)
Restricted surplus June 30 c/fwd - Pilbara Underground Power		0	0	62,129
Surplus or deficit after imposition of general rates	28(c)	8,147,653	9,490	4,126,240

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

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

1. BASIS OF PREPARATION

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

Local Government Act 1995 requirements

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

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

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 5
- Investment property - note 12
- Measurement of employee benefits - note 16
- Measurement of provisions - note 17

Fair value hierarchy information can be found in note 25

The local government reporting entity

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

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

Initial application of accounting standards

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

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

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

New accounting standards for application in future years

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

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

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

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

This 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*

This amendment may result in additional disclosures in the case of applicable finance arrangements.

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

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

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

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

Revenue Recognition

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

For the year ended 30 June 2024

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	54,800,841	60,684	54,861,525
Grants, subsidies and contributions	0	0	18,828,429	0	18,828,429
Fees and charges	62,270,194	0	0	0	62,270,194
Interest revenue	0	0	403,663	5,804,519	6,208,182
Other revenue	0	0	0	1,046,525	1,046,525
Capital grants, subsidies and contributions	0	3,376,258	0	0	3,376,258
Total	62,270,194	3,376,258	74,032,933	6,911,728	146,591,113

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	49,003,804	57,250	49,061,054
Grants, subsidies and contributions	0	0	16,800,058	0	16,800,058
Fees and charges	53,596,090	0	0	0	53,596,090
Interest revenue	0	0	370,176	3,303,178	3,673,354
Other revenue	0	0	0	1,458,989	1,458,989
Capital grants, subsidies and contributions	0	2,822,864	0	0	2,822,864
Total	53,596,090	2,822,864	66,174,038	4,819,417	127,412,409

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

	Note	2024 Actual \$	2023 Actual \$
Assets and services acquired below fair value			
Contributed assets		1,132,425	2,813,333
		1,132,425	2,813,333
Interest revenue			
Financial assets at amortised cost - self supporting loans		1,149	1,407
Interest on reserve account		3,949,894	2,364,930
Rate instalment and penalty interest		344,201	300,751
Trade and other receivables overdue interest		59,462	21,494
Interest on municipal investments		988,891	0
Other interest revenue		864,585	984,772
		6,208,182	3,673,354
The 2024 original budget estimate in relation to Trade and other receivables overdue interest was \$24,000.			
Fees and charges relating to rates receivable			
Charges on instalment plan		62,405	60,920
The 2024 original budget estimate in relation to: Charges on instalment plan was \$62,000			
(b) Expenses			
Auditors remuneration			
- Audit of the Annual Financial Report		105,407	86,000
- Other services – grant acquittals		3,550	5,150
		108,957	91,150
Employee Costs			
Employee benefit costs		44,287,514	38,148,729
Other employee costs		800,121	772,135
		45,087,635	38,920,864
Finance costs			
Provisions: unwinding of discount	17	244,829	96,240
Borrowings		1,149	782
Lease liabilities		19,192	21,816
		265,170	118,838
Other expenditure			
Impairment losses on rates and statutory receivables		0	28
Sundry expenses		2,380,297	1,930,717
		2,380,297	1,930,745

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

3. CASH AND CASH EQUIVALENTS

Note	2024	2023
	\$	\$
Cash at bank and on hand	14,993,326	15,536,908
Total cash and cash equivalents	14,993,326	15,536,908
Held as		
- Unrestricted cash and cash equivalents	4,814,886	3,808,609
- Restricted cash and cash equivalents	10,178,440	11,728,299
	14,993,326	15,536,908

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.

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

Restricted financial assets

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

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost	106,021,285	73,024,711
	106,021,285	73,024,711

Other financial assets at amortised cost

Self supporting loans receivable	21,285	24,711
Term deposits	106,000,000	73,000,000
	106,021,285	73,024,711

Held as

- Unrestricted other financial assets at amortised cost	14,021,285	24,711
- Restricted other financial assets at amortised cost	92,000,000	73,000,000
	106,021,285	73,024,711

(b) Non-current assets

Financial assets at amortised cost	3,800,000	3,819,186
Financial assets at fair value through profit or loss	145,549	136,156
	3,945,549	3,955,342

Financial assets at amortised cost

Self supporting loans receivable	0	19,186
Loans receivable - clubs/institutions	3,800,000	3,800,000
	3,800,000	3,819,186

Financial assets at fair value through profit or loss

Units in Local Government House Trust - opening balance	136,156	136,156
Movement attributable to fair value increment	9,393	0
Units in Local Government House Trust - closing balance	145,549	136,156

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 29(a) as self supporting loans. Fair value of financial assets at fair value through profit or 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 amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 25 (i)) due to the observable market rates).

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

Financial assets at fair value through profit or loss

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

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

Impairment and risk

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

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

5. TRADE AND OTHER RECEIVABLES

	Note	2024 \$	2023 \$
Current			
Rates and statutory receivables		1,865,963	2,076,385
Trade receivables		7,236,464	7,060,294
Other receivables		399,914	609,110
GST receivable		750,075	88,345
Allowance for credit losses of rates and statutory receivables		(37,553)	(43,201)
Allowance for credit losses of trade receivables	23(b)	(1,170,222)	(1,262,907)
		<u>9,044,641</u>	<u>8,528,026</u>

The carrying amounts of the trade and other receivables include receivables which are subject to a factoring arrangement. Under the factoring arrangement, the City of Karratha has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables, late payment and credit risk remains with the City of Karratha, therefore the City continues to recognise the transferred assets in their entirety. The amount repayable under the factoring arrangement is presented as a secured borrowing under other loans at Note 15. The City considers that the held to collect business model remains appropriate for these receivables and continues measuring them at amortised cost.

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:

	Note	30 June 2024 Actual \$	30 June 2023 Actual \$	1 July 2022 Actual \$
Trade and other receivables from contracts with customers		7,636,378	10,583,371	12,034,288
Contract assets	7	607,649	654,000	635,000
Allowance for credit losses of trade receivables	5	(1,170,222)	(1,262,907)	(1,406,094)
Total trade and other receivables from contracts with customers		<u>7,073,805</u>	<u>9,974,464</u>	<u>11,263,194</u>

MATERIAL ACCOUNTING POLICIES

Rates and statutory receivables

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

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

Trade receivables

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

Other receivables

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

Measurement

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

Classification and subsequent measurement

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

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

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

Impairment and risk exposure

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

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

6. INVENTORIES

Note	2024	2023
	\$	\$
Current		
Fuel and materials	723,597	604,570
Corporate Uniform	56,737	32,525
Food, drinks & merchandise Roebourne Aquatic Centre	40,266	34,598
Land held for resale		
Cost of acquisition	265,294	255,568
Development costs	2,562,206	2,562,206
Disposal costs	(1,642,253)	(587,803)
	<u>2,005,847</u>	<u>2,901,664</u>
The following movements in inventories occurred during the year:		
Balance at beginning of year	2,901,664	3,079,554
Inventories expensed during the year	(2,652,599)	(2,334,013)
Transfers from inventory to PPE	(707,949)	(207,933)
Additions to inventory	<u>2,464,730</u>	<u>2,364,056</u>
Balance at end of year	<u>2,005,847</u>	<u>2,901,664</u>

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.

Land held for resale (Continued)

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 City's intentions to release for sale.

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

7. OTHER ASSETS

	2024	2023
	\$	\$
Other assets - current		
Prepayments	962,750	758,407
Accrued income	5,285,527	2,913,967
Contract assets	607,649	654,000
	6,855,926	4,326,374

MATERIAL ACCOUNTING POLICIES

Other current assets

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

Non-current assets held for sale
 Assets are classified as held for sale where the carrying amount will be recovered through a sale rather than continuing use and the asset is available for immediate sale with a sale being highly probable.

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

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

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

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			Assets subject to operating lease			Total Property					Plant and equipment			
	Land	Buildings - non-specialised	Buildings - specialised	Land	Buildings - non-specialised	Buildings - specialised	Land	Buildings - non-specialised	Buildings - specialised	Work in progress	Total Property	Furniture and equipment	Plant and equipment	Artwork and sculptures	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	14,924,250	45,779,506	136,775,933	1,664,600	5,215,713	61,423,814	16,588,850	50,995,219	198,199,747	12,795,033	278,578,849	3,249,298	11,386,917	2,185,314	295,400,378
Additions*	384,759	0	15,516,234	0	0	0	384,759	0	15,516,234	2,226,996	18,127,989	314,977	1,199,980	7,492	19,650,438
Disposals	0	(387,278)	0	0	0	0	0	(387,278)	0	(271,623)	(658,901)	(3,845)	(247,063)	0	(909,809)
Revaluation increments / (decrements) transferred to revaluation surplus	2,257,308	(2,037,210)	0	0	0	0	2,257,308	(2,037,210)	0	0	220,098	0	0	0	220,098
Transfers from Inventory	207,933	0	0	0	0	0	207,933	0	0	0	207,933	0	0	0	207,933
Depreciation	0	(1,512,784)	(4,989,639)	0	(356,080)	(1,868,969)	0	(1,868,864)	(6,858,608)	0	(8,727,472)	(696,607)	(1,811,848)	(45,255)	(11,281,182)
Transfers	1,729,631	0	8,452,010	0	0	0	1,729,631	0	8,452,010	(10,011,006)	170,635	187,988	4,111	93,868	456,602
Balance at 30 June 2023	19,503,881	41,842,234	155,754,538	1,664,600	4,859,633	59,554,845	21,168,481	46,701,867	215,309,383	4,739,400	287,919,131	3,051,811	10,532,097	2,241,419	303,744,458
Comprises:															
Gross balance amount at 30 June 2023	19,503,881	50,338,987	160,744,177	1,664,600	5,215,713	61,423,814	21,168,481	55,554,700	222,167,991	4,739,400	303,630,572	5,717,848	15,677,606	2,458,386	327,484,412
Accumulated depreciation at 30 June 2023	0	(8,496,753)	(4,989,639)	0	(356,080)	(1,868,969)	0	(8,852,833)	(6,858,608)	0	(15,711,441)	(2,666,037)	(5,145,509)	(216,967)	(23,739,954)
Balance at 30 June 2023	19,503,881	41,842,234	155,754,538	1,664,600	4,859,633	59,554,845	21,168,481	46,701,867	215,309,383	4,739,400	287,919,131	3,051,811	10,532,097	2,241,419	303,744,458
Additions*	1,204,555	1,749,619	1,793,219	0	48,551	395,226	1,204,555	1,798,170	2,188,445	253,319	5,444,489	72,934	2,728,212	0	8,245,635
Disposals	(219,000)	(1,032,044)	0	0	0	0	(219,000)	(1,032,044)	0	(1,371,232)	(2,622,276)	0	(197,592)	0	(2,819,868)
Revaluation increments transferred to revaluation surplus	0	492,326	0	0	0	0	0	492,326	0	0	492,326	0	0	0	492,326
Revaluation loss transferred to profit or loss	(604,555)	0	0	0	0	0	(604,555)	0	0	0	(604,555)	0	0	0	(604,555)
Depreciation	0	(1,694,046)	(5,440,655)	0	(352,177)	(2,061,315)	0	(2,046,223)	(7,501,970)	0	(9,548,193)	(686,039)	(1,924,405)	(50,424)	(12,209,061)
Adjustments to reallocate by asset class	0	992,193	(839,538)	0	0	0	0	992,193	(839,538)	0	152,655	(132,966)	(15,818)	(1)	3,870
Transfers from inventory to PPE	707,949	0	0	0	0	0	707,949	0	0	0	707,949	0	0	0	707,949
Transfers	0	752,306	252,071	0	0	1,710,599	0	752,306	1,962,670	(2,937,570)	(222,594)	0	222,593	0	(1)
Balance at 30 June 2024	20,592,830	43,102,588	151,519,635	1,664,600	4,556,007	59,599,355	22,257,430	47,658,595	211,118,990	683,917	281,718,932	2,305,740	11,345,087	2,190,994	297,560,753
Comprises:															
Gross balance amount at 30 June 2024	20,592,830	66,984,511	189,778,441	1,664,600	13,106,713	74,391,117	22,257,430	80,091,224	264,169,558	683,917	367,202,129	4,628,781	18,143,979	2,458,376	392,433,265
Accumulated depreciation at 30 June 2024	0	(23,881,923)	(38,258,806)	0	(8,550,706)	(14,791,762)	0	(32,432,629)	(53,050,568)	0	(85,483,197)	(2,323,041)	(6,798,892)	(267,382)	(94,872,512)
Balance at 30 June 2024	20,592,830	43,102,588	151,519,635	1,664,600	4,556,007	59,599,355	22,257,430	47,658,595	211,118,990	683,917	281,718,932	2,305,740	11,345,087	2,190,994	297,560,753
* Asset additions included additions received at substantially less than fair value:															
During the year ended 30 June 2023	0	1,054,568	0	0	0	0	0	1,054,568	0	0	1,054,568	0	0	0	1,054,568
During the year ended 30 June 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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

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 and buildings					
Land	3	Market approach	Independent Valuation	June 2022	While the unit rates based on square meters could be supported from market evidence (level 2) other inputs such as zoning, restrictions, accessibility (level 3) required extensive professional judgement and impacted significantly on the final determination.
Buildings - non-specialised	3	Market approach	Independent Valuation	June 2022	Market or estimated price per square meter. This also included significant level 3 inputs that required extensive professional judgement such as components that were extrapolated from other market data.
Buildings - specialised	3	Cost approach using current replacement cost	Independent Valuation	June 2022	This required estimating the replacement costs for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. Other inputs such as residual value, useful life, pattern of consumption and asset condition required extensive professional judgement and impacted significantly on the final determination
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.					
(ii) Cost					
Furniture and equipment	Cost	N/A	Cost	N/A	Purchase Cost
Plant and equipment	Cost	N/A	Cost	N/A	Purchase Cost

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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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 - drainage	Infrastructure - parks and ovals	Infrastructure - work in progress	Landfill Post Closure Asset	Infrastructure - Aerodromes	Infrastructure - Miscellaneous Structures	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	206,374,441	35,878,791	25,166,727	56,281,091	7,577,693	2,504,021	76,685,466	8,831,951	419,300,181
Additions*	6,449,778	543,174	1,062,086	1,571,833	806,480	3,278,124	172,060	0	13,883,535
(Disposals)	(1,181,732)	(112,496)	(86,439)	(108,460)	(1,022,282)	0	0	0	(2,511,409)
Depreciation	(6,680,404)	(945,833)	(590,200)	(3,375,237)	0	(417,337)	(2,649,612)	(1,273,865)	(15,932,488)
Transfers	719,192	910,881	443,456	3,187,505	(6,668,691)	0	755,131	195,924	(456,602)
Balance at 30 June 2023	205,681,275	36,274,517	25,995,630	57,556,732	693,200	5,364,808	74,963,045	7,754,010	414,283,217
Comprises:									
Gross balance at 30 June 2023	212,361,321	37,220,351	26,585,830	60,931,968	693,200	5,782,145	77,612,657	9,027,874	430,215,346
Accumulated depreciation at 30 June 2023	(6,680,046)	(945,834)	(590,200)	(3,375,236)	0	(417,337)	(2,649,612)	(1,273,864)	(15,932,129)
Balance at 30 June 2023	205,681,275	36,274,517	25,995,630	57,556,732	693,200	5,364,808	74,963,045	7,754,010	414,283,217
Additions *	2,504,633	2,830,235	264,997	2,262,623	4,140,499	0	83,720	130,462	12,217,169
(Disposals)	(163,414)	(61,311)	0	(66,889)	(354,301)	0	0	0	(645,915)
Depreciation	(6,740,911)	(967,404)	(610,931)	(3,560,848)	0	(1,075,901)	(2,721,767)	(1,292,581)	(16,970,343)
Adjustments to reallocate by asset class	(669,782)	(1,862)	518,985	293,357	0	0	(24,932)	(268,422)	(152,656)
Transfers	16,005	42,257	519	21,523	(97,638)	0	17,333	0	(1)
Balance at 30 June 2024	200,627,806	38,116,432	26,169,200	56,506,498	4,381,760	4,288,907	72,317,399	6,323,469	408,731,471
Comprises:									
Gross balance at 30 June 2024	304,900,134	54,671,377	36,482,344	90,316,932	4,381,760	5,782,145	111,430,133	13,964,323	621,929,148
Accumulated depreciation at 30 June 2024	(104,272,328)	(16,554,945)	(10,313,144)	(33,810,434)	0	(1,493,238)	(39,112,734)	(7,640,854)	(213,197,677)
Balance at 30 June 2024	200,627,806	38,116,432	26,169,200	56,506,498	4,381,760	4,288,907	72,317,399	6,323,469	408,731,471

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

During the year ended 30 June 2023	1,438,594	277,367	42,804	0	0	0	0	0	1,758,765
During the year ended 30 June 2024	558,786	369,955	203,684	0	0	0	0	0	1,132,425

The contributed assets identified above relate to the Tambrey Subdivision project.

CITY OF KARRATHA
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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 depreciated replacement cost	Independent and Management Valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - drainage	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - parks and ovals	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Landfill Post Closure Asset	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2023	Present value of restoration, rehabilitation, and site monitoring costs using inflation rates and discount rates (Level 3) inputs
Infrastructure - Aerodromes	Level 3	Cost approach using depreciated replacement cost	Independent Valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Miscellaneous Structures	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<p>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.</p> <p>During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.</p>					
(ii) Current Replacement Cost					
Infrastructure - work in progress	Cost	N/A	Cost	N/A	Purchase Cost

CITY OF KARRATHA
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FOR THE YEAR ENDED 30 JUNE 2024

10. FIXED ASSETS

(a) Depreciation

Depreciation rates

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

Asset Class	Useful life
Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years
Landfill assets	30 years
Right-of-use (buildings)	Based on the remaining lease term
Right-of-use (plant and equipment)	Based on the remaining lease term
Infrastructure	
- Aerodrome Assets	10 to 80 years
- Lighting	15 to 30 years
- Miscellaneous Structures	15 to 100 years
- Park Developments	15 to 30 years

(b) Fully Depreciated Assets in Use

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

	2024	2023
	\$	\$
Buildings - non-specialised	234,884	0
Furniture and equipment	0	980,107
Plant and equipment	101,587	8,420
Infrastructure - roads	0	40,439
Infrastructure - footpaths	0	25
Infrastructure - drainage	0	1,536
	336,471	1,030,527

CITY OF KARRATHA
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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 being their reportable value.

Reportable Value

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

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

Revaluation

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

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

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

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

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

Depreciation

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

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

Depreciation on revaluation

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

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

Impairment

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

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

Gains or losses on disposal

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

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

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	Right-of-use assets	Right-of-use assets Total
		\$	\$
Balance at 1 July 2022		1,224,578	1,224,578
Depreciation		(180,382)	(180,382)
Balance at 30 June 2023		1,044,196	1,044,196
Gross balance amount at 30 June 2023		1,538,492	1,538,492
Accumulated depreciation at 30 June 2023		(494,296)	(494,296)
Balance at 30 June 2023		1,044,196	1,044,196
Depreciation		(157,761)	(157,761)
Balance at 30 June 2024		886,435	886,435
Gross balance amount at 30 June 2024		1,538,492	1,538,492
Accumulated depreciation at 30 June 2024		(652,057)	(652,057)
Balance at 30 June 2024		886,435	886,435

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

		2024 Actual	2023 Actual
		\$	\$
Depreciation on right-of-use assets		(157,761)	(180,382)
Finance charge on lease liabilities	29(b)	(19,192)	(21,816)
Total amount recognised in the statement of comprehensive income		(176,953)	(202,198)
Total cash outflow from leases		(153,517)	(190,245)

(b) Lease Liabilities

Current		133,322	134,325
Non-current		807,005	940,327
	29(b)	940,327	1,074,652

Secured liabilities and assets pledged as security

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

MATERIAL ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - measurement

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

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

Right-of-use assets - depreciation

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

CITY OF KARRATHA
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FOR THE YEAR ENDED 30 JUNE 2024

12. INVESTMENT PROPERTY

Non-current assets - at reportable value

	2024 Actual \$	2024 Budget \$	2023 Actual \$
Carrying balance at 1 July	39,300,000	39,300,000	35,125,608
Acquisitions	112,758	347,000	0
Net gain/(loss) from fair value adjustment	6,937,242	0	4,174,392
Closing balance at 30 June	46,350,000	39,647,000	39,300,000

Amounts recognised in profit or loss for investment properties

Rental income	4,157,444	4,202,826	4,255,008
Direct operating expenses from property that generated rental income	(2,700,532)	(2,307,456)	(1,628,908)
Fair value gain recognised in profit or loss	6,937,242	0	4,174,392

Leasing arrangements

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

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

Less than 1 year	2,644,226	0	2,846,366
1 to 2 years	2,402,211	0	2,593,258
2 to 3 years	1,979,413	0	2,278,361
3 to 4 years	1,879,497	0	1,766,455
4 to 5 years	1,872,752	0	1,649,317
> 5 years	5,015,048	0	5,369,776
	15,793,147	0	16,503,533

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease income from operating leases where the City is a lessor is recognised in income on a straightline basis over the lease term.

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

Expectations about the future residual values are reflected in the fair value of the property.

MATERIAL ACCOUNTING POLICIES

Investment properties

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

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

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

Revaluation

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

Fair value of investment properties

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

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

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Income received in advance
 Accrued payroll liabilities
 Other liabilities
 Bonds and deposits
 Accrued expenses

2024	2023
\$	\$
3,157,357	3,763,672
754,321	568,952
1,442,832	4,117,805
1,295,428	738,713
47,883	924,543
1,219,263	596,934
3,058,406	1,476,999
11,569,062	12,187,618

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.

14. OTHER LIABILITIES

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

Contract liabilities

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 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.

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

15. BORROWINGS

	Note	2024			2023		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Long term borrowings - self supporting loans		21,285	0	21,285	24,765	19,186	43,951
Total secured borrowings	29(a)	21,285	0	21,285	24,765	19,186	43,951

MATERIAL ACCOUNTING POLICIES

Borrowing costs

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

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierachy (see Note 25(i)) due to the unobservable inputs, including own credit risk.

Risk

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

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

Security

The self supporting loan is secured by a Deed of Charge between the Karratha Football & Sporting Club Inc and the City of Karratha.

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

16. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2024	2023
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	3,098,485	2,629,092
Long service leave	1,535,624	1,432,445
	4,634,109	4,061,537
Total current employee related provisions	4,634,109	4,061,537
Non-current provisions		
Employee benefit provisions		
Long service leave	267,696	340,444
	267,696	340,444
Total non-current employee related provisions	267,696	340,444
Total employee related provisions	4,901,805	4,401,981

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

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

	Note	2024	2023
		\$	\$
Amounts are expected to be settled on the following basis:			
Less than 12 months after the reporting date		4,634,109	4,061,537
More than 12 months from reporting date		267,696	340,444
		4,901,805	4,401,981

MATERIAL ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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17. OTHER PROVISIONS

	Make good provisions	Provision for remediation costs	Total
	\$	\$	\$
Opening balance at 1 July 2023			
Non-current provisions	60,000	6,171,423	6,231,423
	60,000	6,171,423	6,231,423
Reduction to provision	0	(1,004,492)	(1,004,492)
Charged to profit or loss			
- unwinding of discount	0	244,829	244,829
Balance at 30 June 2024	60,000	5,411,760	5,471,760
Comprises			
Non-current	60,000	5,411,760	5,471,760
	60,000	5,411,760	5,471,760

Make good provisions

Amounts which are expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on factors beyond the control of the local government.

Provision for remediation costs

The City operates the Seven Mile Waste Disposal site at Exploration Drive, Gap Ridge. The facility is an active operation and is designed for 12 waste cells with rolling stages of cell construction until November 2048. To date, 3 cells have been constructed, and as such the City has an obligation to rehabilitate constructed cells to minimise potential environmental impacts.

A post closure management plan has been prepared with rehabilitation estimates for the capping and restoration of the cells currently in use. This plan was approved by the Department of Water and Environmental Regulation (DWER) on the 28 August 2020.

A provision for the costs included has been recognised in these financial statements, based on the discounted future values of the estimated costs for the three established cells, using current financial information and the target RBA inflation rate. Increments in the provision are to be calculated annually based on the change in the net present value of the future cash outflows of costs for site rehabilitation (unwinding of the discount rate).

MATERIAL ACCOUNTING POLICIES

Provisions

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

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

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

18. REVALUATION SURPLUS

	2024 Opening Balance	Total Movement on Revaluation	2024 Closing Balance	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	13,467,574	0	13,467,574	11,210,266	2,257,308	13,467,574
Revaluation surplus - Buildings - non-specialised	39,610,334	492,326	40,102,660	41,647,544	(2,037,210)	39,610,334
Revaluation surplus - Plant and equipment	66,266	0	66,266	66,266	0	66,266
Revaluation surplus - Artwork and sculptures	47,997	0	47,997	47,997	0	47,997
Revaluation surplus - Infrastructure - roads	133,235,450	0	133,235,450	133,235,450	0	133,235,450
Revaluation surplus - Infrastructure - footpaths	30,323,273	0	30,323,273	30,323,273	0	30,323,273
Revaluation surplus - Infrastructure - drainage	24,088,567	0	24,088,567	24,088,567	0	24,088,567
Revaluation surplus - Infrastructure - parks and ovals	3,716,676	0	3,716,676	3,716,676	0	3,716,676
Revaluation surplus - Landfill Post Closure Asset	295,213	0	295,213	295,213	0	295,213
Revaluation surplus - Infrastructure - Aerodromes	37,658,426	0	37,658,426	37,658,426	0	37,658,426
Revaluation surplus - Infrastructure - Miscellaneous Structures	3,250,413	0	3,250,413	3,250,413	0	3,250,413
	285,760,189	492,326	286,252,515	285,540,091	220,098	285,760,189

The movement in the revaluation surplus for buildings - non-specialised relates to a revaluation of 18 Warriar Street following circumstances arising after settlement. Refer to Note 8(a).

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

19. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	Note	2024 Actual \$	2023 Actual \$
Cash and cash equivalents	3	14,993,326	15,536,908
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	10,178,440	11,728,299
- Unrestricted financial assets at amortised cost	4	14,021,285	0
- Restricted financial assets at amortised cost	4	92,000,000	73,000,000
		<u>116,199,725</u>	<u>84,728,299</u>
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	30	115,590,641	84,448,299
Contract liabilities	14	359,084	280,000
Capital grant liabilities	14	250,000	0
Total restricted financial assets		<u>116,199,725</u>	<u>84,728,299</u>

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

Net result		29,964,313	21,127,343
Non-cash items:			
Adjustments to fair value of financial assets at fair value through profit or loss		(9,393)	0
Adjustments to fair value of investment property		(6,937,242)	(4,174,392)
Depreciation/amortisation		29,337,164	27,394,053
Loss on sale of asset		1,840,314	1,009,043
Loss on revaluation of fixed assets		604,555	0
Assets received for substantially less than fair value		(1,132,425)	(2,813,333)
Changes in assets and liabilities:			
Decrease in trade and other receivables		(516,615)	694,753
Increase in other assets		(2,529,552)	(226,933)
Decrease in inventories		187,869	177,890
Increase/(decrease) in trade and other payables		(618,556)	(832,356)
Increase/(decrease) in employee related provisions		499,824	(444,535)
Decrease in other provisions		(759,663)	(5,560,986)
Increase in other liabilities		329,084	280,000
Capital grants, subsidies and contributions		(3,376,258)	(2,822,864)
Net cash provided by operating activities		<u>46,883,419</u>	<u>33,807,683</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit	1,000,000	1,000,000
Bank overdraft at balance date	0	0
Credit card limit	200,000	110,000
Credit card balance at balance date	(56,783)	(15,919)
Total amount of credit unused	<u>1,143,217</u>	<u>1,094,081</u>

Loan facilities

Loan facilities - current	21,285	24,765
Loan facilities - non-current	0	19,186
Total facilities in use at balance date	<u>21,285</u>	<u>43,951</u>

Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>
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CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

20. CONTINGENT LIABILITIES

In compliance with the Contaminated Sites Act 2003 Section 11, the City has listed sites to be possible sources of contamination. Details of these site are:

- Roebourne Airport
- Karratha Airport
- Karratha Depot

Until the City conducts an investigation to determine the presence and scope of contamination, assess the risk, and agree with the Department of Water and Environmental Regulation (DWER) on the need and criteria for remediation of a risk based approach, the City is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with DWER guidelines.

21. CAPITAL COMMITMENTS

	2024	2023
	\$	\$
Contracted for:		
City Housing	15,186	196,439
Karratha Leisureplex Facility Improvement Study	46,962	48,998
Kevin Richards Memorial Oval	0	43,364
Kevin Richards Memorial Oval Change and Club Room	0	304,261
Murujuga Access Road	130,615	133,505
Roebourne Streetscape	14,651	8,268
Walgu Park	0	2,385
Windy Ridge & Hampton Oval	0	40,725
Lot 7020 Development Proposal	124,450	138,950
Housing Construction - Jingarri Sites	11,679	953,092
Shakespeare Precinct Redevelopment	0	194,705
Bulgarra Oval Lighting Replacement	1,553,235	0
Karratha Leisureplex Outdoor Court Shading	369,436	0
Playground Revitalisation - Smith-Delambre Park	256	0
Hillview and Balmoral Roads Reconstruction	3,667,523	0
Operations Centre B4 HVAC Upgrade	673,563	0
Building Improvements	261,895	190,532
Equipment Purchases	454,918	0
Information Technology Projects	55,792	49,076
Playground Replacement/Upgrade	735,163	690
Road Projects	1,030,238	18,533
Karratha Revitalisation Strategy	18,036	0
Land and Housing Developments	877,327	0
Pathway Projects	972,544	0
Stormwater Structure Projects	1,424,134	0
Plant Purchases	420,276	103,285
	12,857,879	2,426,808
Payable:		
- not later than one year	12,857,879	2,426,808

CITY OF KARRATHA
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FOR THE YEAR ENDED 30 JUNE 2024

22. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
Mayor's annual allowance	90,745	91,099	89,753
Mayor's meeting attendance fees	58,106	58,332	47,516
Mayor's other expenses	446	7,943	0
Mayor's annual allowance for ICT expenses	4,576	4,600	3,500
Mayor's travel and accommodation expenses	3,098	6,315	2,312
Mayor's non cash benefits	0	0	417
	156,971	168,289	143,498
Deputy Mayor's annual allowance	22,748	22,775	24,308
Deputy Mayor's meeting attendance fees	32,153	32,153	34,318
Deputy Mayor's other expenses	460	5,000	0
Deputy Mayor's annual allowance for ICT expenses	3,500	3,500	3,792
Deputy Mayor's travel and accommodation expenses	2,574	3,746	4,390
Deputy Mayor's non cash benefits	0	0	417
	61,435	67,174	67,225
All other council member's meeting attendance fees	257,373	261,071	285,102
All other council member's All other council member expenses	104	39,057	0
All other council member's annual allowance for ICT expenses	27,730	26,899	31,500
All other council member's travel and accommodation expenses	2,092	28,791	3,471
All other council member's non cash benefits	0	0	2,085
	287,299	355,818	322,158
22(b)	505,705	591,281	532,881

(b) Key Management Personnel (KMP) Compensation

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

Short-term employee benefits	1,161,719	1,487,986
Post-employment benefits	128,233	134,059
Employee - other long-term benefits	111,372	145,893
Employee - termination benefits	0	229,078
Council member costs	505,705	532,881
22(a)	1,907,029	2,529,897

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

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

Council member costs

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

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

22. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

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

	2024 Actual \$	2023 Actual \$
Sale of goods and services	33,343	25,992
Purchase of goods and services	167,273	70,007
Amounts outstanding from related parties:		
Trade and other receivables	3,662	646
Amounts payable to related parties:		
Trade and other payables	0	5,359

Related Parties

The City's main related parties are as follows:

- i. Key management personnel*
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the City, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 22(a) and 22(b).
- ii. Other Related Parties*
During the previous year, two companies controlled by different council members, were awarded contracts under the selective tender process on terms and conditions equivalent for those that prevail in arm's length transactions under the City's procurement process.

One contract involved providing art program management to the City, and amounted to \$126,218 in the current year.

Another contract involved providing photography services to the City, and amounted to \$31,328 in the current year.

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

23. FINANCIAL RISK MANAGEMENT

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

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

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

Financial risk management is carried out by the finance 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 as at 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	2.41%	14,993,326	0	14,993,326	0
Financial assets at amortised cost - term deposits	5.30%	106,000,000	106,000,000	0	0
Financial assets at amortised cost - self supporting loans	3.72%	21,285	21,285	0	0
Financial assets at amortised cost - clubs/institutions	4.00%	3,800,000	3,800,000	0	0
2023					
Cash and cash equivalents	3.95%	15,536,908	0	15,536,908	0
Financial assets at amortised cost - term deposits	4.71%	73,000,000	73,000,000	0	0
Financial assets at amortised cost - self supporting loans	3.72%	43,951	43,951	0	0
Financial assets at amortised cost - clubs/institutions	4.00%	3,800,000	3,800,000	0	0

Sensitivity

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

	2024	2023
	\$	\$
Impact of a 1% movement in interest rates on profit or loss and equity*	149,933	155,369

* Holding all other variables constant

Borrowings

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

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

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The loss allowance as at 30 June 2024 and 30 June 2023 was determined as follows for trade and rates 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	0.42%	0.10%	2.53%	146.78%	
Gross carrying amount	5,556,302	595,327	169,570	777,865	7,099,064
Loss allowance	23,581	601	4,292	1,141,748	1,170,222
Rates receivables					
Expected credit loss	0.94%	1.75%	3.06%	14.24%	
Gross carrying amount	594,545	308,429	108,361	163,420	1,174,755
Loss allowance	5,570	5,396	3,319	23,268	37,553
30 June 2023					
Trade receivables					
Expected credit loss	0.24%	0.68%	6.80%	101.58%	
Gross carrying amount	5,103,968	50,294	85,314	1,225,231	6,464,807
Loss allowance	12,158	341	5,800	1,244,608	1,262,907
Rates receivables					
Expected credit loss	1.12%	2.74%	4.70%	12.44%	
Gross carrying amount	997,744	229,257	114,911	163,580	1,505,492
Loss allowance	11,155	6,292	5,404	20,350	43,201

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

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

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

	Trade receivables		Rates receivables		Contract Assets	
	2024	2023	2024	2023	2024	2023
	Actual	Actual	Actual	Actual	Actual	Actual
	\$	\$	\$	\$	\$	\$
Opening loss allowance as at 1 July	1,262,907	1,406,094	43,201	55,046	0	0
Increase in loss allowance recognised in profit or loss during the year	0	0	0	0	0	0
Receivables written off during the year as uncollectible	(407,388)	0	(16,019)	28	0	0
Unused amount reversed	314,703	(143,187)	10,371	(11,873)	0	0
Closing loss allowance at 30 June	1,170,222	1,262,907	37,553	43,201	0	0

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

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

Contract Assets

The City's contract assets represent work completed, which have not been invoiced at year end. This is due to the City not having met all the performance obligations in the contract which give an unconditional right to receive consideration.

The City applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The City has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

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

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 19(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
<u>2024</u>	\$	\$	\$	\$	\$
Trade and other payables	11,569,062	0	0	11,569,062	11,569,062
Borrowings	22,434	0	0	22,434	21,285
Lease liabilities	149,905	748,660	153,013	1,051,578	940,327
	11,741,401	748,660	153,013	12,643,074	12,530,674
<u>2023</u>					
Trade and other payables	12,187,618	0	0	12,187,618	12,187,618
Borrowings	25,981	19,484	0	45,465	43,951
Contract liabilities	280,000	0	0	280,000	0
Lease liabilities	153,517	585,755	366,218	1,105,490	1,074,652
	12,647,116	605,239	366,218	13,618,573	13,306,221

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

24. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

After the financial year 2023/24 the City of Karratha commenced a process to correct a rating matter that required an application to the State Administrative Tribunal (SAT). The City intends to seek the necessary approvals to remediate the rating matter.

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

25. OTHER MATERIAL ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 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 KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

26. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

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

Objective	Description
Governance To provide a decision making process for the efficient allocation of scarce resources.	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. Other tasks include the City's internal audit functions, Freedom of Information requests, Public Interest Disclosures and procurement policy development and oversight.
General purpose funding To collect revenue to allow for the provision of services.	Rates (including ex-gratia contributions), general purpose government grants and interest and investment revenue.
Law, order, public safety To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services. Includes Ranger Services and disaster and recovery expenses.
Health To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control, mosquito control and waste disposal compliance.
Education and welfare To provide services to disadvantaged persons, the elderly, children and youth.	Maintenance of childminding centres, playgroup centres, senior citizen centres and aged care centres. Provision and maintenance of home care programs and youth services. Includes donations for school awards.
Housing To provide and maintain staff housing.	Provision and maintenance of staff housing.
Community amenities To provide services required by the community.	Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of storm water drainage, protection of the environment and administration of town planning schemes, cemeteries and public toilets.
Recreation and culture To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.	Maintenance of public halls, civic centres, aquatic centres, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of libraries, museums and other cultural facilities. Key facilities include the Karratha Leisureplex, the Red Earth Arts Precinct, community hubs and pavilions, ovals and parks and coastal rehabilitation. Includes radio re-broadcasting within this function.
Transport To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths and cycleways, drainage, depots, parking facilities and traffic control. Cleaning of streets and maintenance and provision of street trees and street lighting. Also includes operation and maintenance of the Karratha and Roebourne Airports.
Economic services To help promote the local government and its economic wellbeing.	Tourism and area promotion including the maintenance and operation of visitor services and camping grounds. Provision of rural services including weed control, vermin control and standpipes. Also includes administration of building controls.
Other property and services To monitor and control operating accounts.	Private works operations on properties and services not under the care, control and management of the City. Plant operations, technical services and unclassified works.

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

26. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2024 Actual	2023 Actual
	\$	\$
Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions		
Governance	82,419	87,090
General purpose funding	66,122,433	56,670,251
Law, order, public safety	169,832	155,856
Health	209,091	192,475
Education and welfare	64,152	77,846
Housing	1,025,746	1,477,998
Community amenities	19,657,789	15,948,586
Recreation and culture	7,140,907	6,496,961
Transport	28,557,122	24,593,448
Economic services	697,225	824,087
Other property and services	7,641,791	364,713
	131,368,507	106,889,311
Grants, subsidies and contributions and capital grants, subsidies and contributions		
General purpose funding	6,234,150	5,202,841
Law, order, public safety	486,149	316,594
Health	33,146	13,295
Housing	53,418	500,000
Community amenities	64,200	197,693
Recreation and culture	9,465,832	9,171,535
Transport	3,960,007	5,411,354
Economic services	88,500	14,250
Other property and services	1,819,286	214,590
	22,204,688	21,042,152
Total Income	153,573,195	127,931,463
Expenses		
Governance	(3,691,935)	(2,400,447)
General purpose funding	(2,987,334)	(2,271,714)
Law, order, public safety	(2,093,293)	(1,403,355)
Health	(1,087,597)	(816,184)
Education and welfare	(243,465)	(59,492)
Housing	(3,641,044)	(2,058,783)
Community amenities	(16,046,759)	(11,644,013)
Recreation and culture	(50,676,725)	(40,416,466)
Transport	(35,133,363)	(27,048,827)
Economic services	(2,431,308)	(2,025,083)
Other property and services	(5,576,059)	(16,659,756)
Total expenses	(123,608,882)	(106,804,120)
Net result for the period	29,964,313	21,127,343
(c) Total Assets		
Governance	44,707,029	40,013,889
General purpose funding	14,993,326	18,803,358
Law, order, public safety	2,694,663	3,025,311
Health	880,173	687,852
Education and welfare	2,281,456	200,507
Housing	41,510,856	40,267,491
Community amenities	36,993,074	26,495,196
Recreation and culture	243,814,680	243,638,769
Transport	468,074,685	456,617,514
Economic services	4,071,699	4,462,959
Other property and services	35,951,252	32,484,530
Unallocated	422,340	(52,480)
	896,395,233	866,644,896

CITY OF KARRATHA
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FOR THE YEAR ENDED 30 JUNE 2024

27. RATING INFORMATION

(a) General Rates

RATE TYPE Rate Description	Basis of valuation	Rate in \$	Number of Properties	2023/24 Actual Rateable Value*	2023/24 Actual Rate Revenue	2023/24 Actual Interim Rates	2023/24 Actual Total Revenue	2023/24 Budget Rate Revenue	2023/24 Budget Interim Rate	2023/24 Budget Total Revenue	2022/23 Actual Total Revenue
				\$	\$	\$	\$	\$	\$	\$	\$
Residential	Gross rental valuation	7.3545	7,047	249,212,183	18,328,310	(15)	18,328,295	18,428,880	17,000	18,445,880	17,738,700
Commercial Industrial	Gross rental valuation	10.2115	911	86,033,345	8,785,295	18,579	8,803,874	8,578,903	60,966	8,639,869	8,128,479
Airport/Strategic Industry	Gross rental valuation	14.9221	31	12,923,429	1,928,447		1,928,447	1,898,377	37,000	1,935,377	1,838,312
Transient Workforce Accommodation/Workforce Accommodation	Gross rental valuation	29.5458	26	28,848,723	8,523,586	2,121,388	10,644,974	10,292,373	500,000	10,792,373	8,008,387
Pastoral	Unimproved valuation	11.3093	10	1,997,400	225,892		225,892	225,892	0	225,892	215,136
Mining/Other	Unimproved valuation	14.5025	251	11,799,862	1,711,275	(296,503)	1,414,772	1,272,259	20,000	1,292,259	1,111,304
Strategic Industry	Unimproved valuation	20.1747	33	50,816,929	10,252,163	283,455	10,535,618	10,459,962	0	10,459,962	9,100,916
Total general rates			8,309	441,631,871	49,754,968	2,126,904	51,881,872	51,156,646	634,966	51,791,612	46,141,234
Minimum payment											
Residential	Gross rental valuation	1.666	1,486	21,602,189	2,475,676	0	2,475,676	2,419,032	0	2,419,032	2,426,270
Commercial Industrial	Gross rental valuation	1.691	387	2,782,541	826,753	(172,336)	654,417	625,670	0	625,670	597,310
Airport/Strategic Industry	Gross rental valuation	1.691	3	25,820	5,073	0	5,073	6,764	0	6,764	4,830
Transient Workforce Accommodation/Workforce Accommodation	Gross rental valuation	1.691	0	0	0	0	0	0	0	0	0
Pastoral	Unimproved valuation	355	0	0	0	0	0	0	0	0	0
Mining/Other	Unimproved valuation	355	163	186,390	57,865	0	57,865	57,865	0	57,865	65,074
Strategic Industry	Unimproved valuation	355	11	11	3,905	0	3,905	3,905	0	3,905	3,718
Total minimum payments			2,050	24,596,951	3,369,272	(172,336)	3,196,936	3,113,236	0	3,113,236	3,097,202
Total general rates and minimum payments			10,359	466,228,822	53,124,240	1,954,568	55,078,808	54,269,882	634,966	54,904,848	49,238,436
Ex-gratia Rates											
Karratha Solar Power		7.3545	1	38,072	2,800	0	2,800	1,400	0	1,400	0
DBNGP Corridor		20.1747	11	286,914	57,884	0	57,884	54,000	0	54,000	57,250
Total amount raised from rates (excluding general rates)			12	324,986	60,684	0	60,684	55,400	0	55,400	57,250
Waivers							(245,147)			(167,125)	(203,432)
Concessions							(32,820)			(32,345)	(31,200)
Total Rates							54,861,525			54,760,778	49,061,054
Rate instalment interest							132,495			131,797	119,136
Rate overdue interest							211,706			168,564	251,040

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

*Rateable Value at time of raising of rate.

CITY OF KARRATHA
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FOR THE YEAR ENDED 30 JUNE 2024

28. DETERMINATION OF SURPLUS OR DEFICIT

		2023/24 (30 June 2024 Carried Forward)	2023/24 Budget (30 June 2024 Carried Forward)	2022/23 (30 June 2023 Carried Forward)
	Note	\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals		(35,447)	0	(519,054)
Less: Non-cash grants and contributions for assets		(1,132,425)	0	(2,813,333)
Less: Movement in liabilities associated with restricted cash		(572,572)	0	0
Less: Fair value adjustments to financial assets at fair value through profit or loss		(9,393)	0	0
Add: Loss on disposal of assets		1,875,761	30,000	1,528,097
Add: Loss on revaluation of fixed assets	8(a)	604,555	0	0
Add: Impairment of Plant and Equipment	8(a)	0	0	0
Add: Depreciation	8(a),9(a),11(a)	29,337,164	29,211,014	27,394,053
Non-cash movements in non-current assets and liabilities:				
Financial assets at amortised cost		0	0	8,937,451
Investment property	12	(6,937,242)	0	(4,174,392)
Pensioner deferred rates		0	0	(280)
Assets held for sale	6	0	0	(226,933)
Employee benefit provisions		72,748	0	(56,708)
Waste provision		(759,663)	0	(5,560,986)
Service concession liabilities		0	0	(1,341,323)
Adjustments to PPE and infrastructure		(148,786)	0	0
Inventory		0	0	177,890
Non-cash amounts excluded from operating activities		22,294,700	29,241,014	23,344,482
(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				
Property, plant and equipment received for substantially less than fair value	8(a)	0	0	1,054,568
Infrastructure received for substantially less than fair value	9(a)	1,132,425	0	1,758,765
Transfers to PPE from Inventory	8(a)	707,949	0	0
Movement in current capital expenditure provision associated with restricted cash		0	(763,272)	0
Non-cash amounts excluded from investing activities		1,840,374	(763,272)	2,813,333
(c) Surplus or deficit after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserve accounts	30	(115,590,641)	(107,929,444)	(84,448,299)
Less: Financial assets at amortised cost - self supporting loans	4(a)	(21,285)	0	(24,711)
Add: Movement in accruals		426,592	0	173,360
Add: Transfers from Inventories		707,949	0	0
Less: Provision for doubtful debts		(1,207,775)	0	(155,060)
Less: Movement in restricted surplus		(62,129)	0	(62,129)
Less: Current loans - clubs/institutions		(22,434)	0	(25,239)
Less: Current assets not expected to be received at end of year				
- Land held for resale	6	(1,185,247)	(2,437,904)	(2,229,971)
- Work In Progress included in transfers		0	0	(1,293,905)
- Accrued investment income		(1,911,555)	0	0
- Other Assets		(399,914)	0	0
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	15	21,285	22,666	24,765
- Current portion of contract liability		609,084	0	280,000
- Current portion of lease liabilities	11(b)	133,322	134,326	134,325
- Employee benefit provisions		4,634,109	4,061,537	4,061,537
Add: Restricted Surplus/(Deficit) June 30 b/fwd		62,129	0	124,258
Less: Restricted Surplus/(Deficit) June 30 b/fwd		0	0	(62,129)
Total adjustments to net current assets		(113,806,510)	(106,148,819)	(83,503,198)
Net current assets used in the Statement of Financial Activity				
Total current assets		138,921,025	116,934,393	104,317,683
Less: Total current liabilities		(16,966,862)	(10,776,084)	(16,688,245)
Less: Total adjustments to net current assets		(113,806,510)	(106,148,819)	(83,503,198)
Surplus or deficit after imposition of general rates		8,147,653	9,490	4,126,240

CITY OF KARRATHA
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29. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual								Budget			
		Principal at	New Loans	Principal	Principal at 30	New Loans	Principal	Principal at		Principal at 1	New Loans	Principal	Principal at
		1 July 2022	During 2022-23	Repayments During 2022-23	June 2023	During 2023-24	Repayments During 2023-24	30 June 2024		July 2023	During 2023-24	Repayments During 2023-24	30 June 2024
		\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$
Self Supporting Loans													
Karratha RSL		16,854	0	(16,854)	0	0	0	0		0	0	0	0
Karratha Kats Football and Sporting Club Inc		0	50,000	(6,049)	43,951	0	(22,666)	21,285		43,951	0	(22,666)	21,285
Total Self Supporting Loans		16,854	50,000	(22,903)	43,951	0	(22,666)	21,285		43,951	0	(22,666)	21,285
Total Borrowings	15	16,854	50,000	(22,903)	43,951	0	(22,666)	21,285		43,951	0	(22,666)	21,285

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

Borrowing Finance Cost Payments

Purpose	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2024	Budget for year ending 30 June 2024	Actual for year ending 30 June 2023
Self Supporting Loans Finance Cost Payments					\$	\$	\$
Karratha RSL	100	WATC*	2.65%	31/05/2023	0	0	(336)
Karratha Kats Football and Sporting Club Inc	2023-1	WATC*	3.72%	31/03/2025	(1,149)	(1,149)	(446)
Total Self Supporting Loans Finance Cost Payments					(1,149)	(1,149)	(782)
Total Finance Cost Payments					(1,149)	(1,149)	(782)

* WA Treasury Corporation

(b) Lease Liabilities

Purpose	Note	Actual								Budget			
		Principal at	New Leases	Principal	Principal at 30	New Leases	Principal	Principal at 30		Principal at 1	New Leases	Principal	Principal at
		1 July 2022	During 2022-23	Repayments During 2022-23	June 2023	During 2023-24	Repayments During 2023-24	June 2024		July 2023	During 2023-24	Repayments During 2023-24	30 June 2024
		\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$
ERP Project Office		34,739	0	(29,747)	4,992	0	(4,992)	0		4,994	0	(4,994)	0
Roebourne Library		42,762	0	(14,779)	27,983	0	(15,118)	12,865		27,983	0	(15,118)	12,865
Tambrey Indoor Play Centre		1,165,580	0	(123,903)	1,041,677	0	(114,215)	927,462		1,041,676	0	(114,214)	927,462
Total Lease Liabilities	11(b)	1,243,081	0	(168,429)	1,074,652	0	(134,325)	940,327		1,074,653	0	(134,326)	940,327

Lease Finance Cost Payments

Purpose	Lease 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	Lease Term
ERP Project Office		Glensaid Pty Ltd	1.20%	31/08/2023	(8)	(8)	(253)	3 years
Roebourne Library		Wawardu Ltd	2.30%	30/04/2025	(482)	(483)	(820)	6 years
Tambrey Indoor Play Centre		Tambrey Developments Pty Ltd	1.90%	31/10/2030	(18,702)	(18,704)	(20,743)	10 years
Total Finance Cost Payments					(19,192)	(19,195)	(21,816)	

CITY OF KARRATHA
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30. RESERVE ACCOUNTS

	2024 Actual Opening Balance	2024 Actual Transfer to	2024 Actual Transfer (from)	2024 Actual Closing Balance	2024 Budget Opening Balance	2024 Budget Transfer to	2024 Budget Transfer (from)	2024 Budget Closing Balance	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by legislation/agreement												
(a) Employee Entitlement Reserve	4,401,981	807,700	(101,788)	5,107,893	4,401,981	202,329	0	4,604,310	5,352,644	180,949	(1,131,612)	4,401,981
(b) Public Open Space Reserve	135,438	6,341	0	141,779	135,438	6,358	0	141,796	131,009	4,429	0	135,438
	4,537,419	814,041	(101,788)	5,249,672	4,537,419	208,687	0	4,746,106	5,483,653	185,378	(1,131,612)	4,537,419
Restricted by council												
(c) Aerodrome Reserve	5,909,675	11,943,548	0	17,853,223	5,909,675	6,433,099	0	12,342,774	2,854,391	3,055,284	0	5,909,675
(d) Carry Forward Budget Reserve	0	0	0	0	0	0	0	0	2,440,822	0	(2,440,822)	0
(e) Community Development Reserve	599,859	28,084	0	627,943	599,859	28,712	0	628,571	580,244	19,615	0	599,859
(f) Dampier Drainage Reserve	0	0	0	0	0	402	0	402	11,213	379	(11,592)	0
(g) Economic Development Reserve	1,397,320	65,419	0	1,462,739	1,397,320	61,339	(100,000)	1,358,659	1,351,627	45,693	0	1,397,320
(h) Infrastructure Reserve	45,765,379	13,092,932	(7,130,344)	51,727,967	41,404,027	22,448,996	(5,579,573)	58,273,450	39,120,277	27,914,093	(21,268,991)	45,765,379
(i) Medical Services Assistance Package Reserve	197,749	9,258	(90,644)	116,363	197,749	9,168	(114,500)	92,417	305,990	9,853	(118,094)	197,749
(j) Mosquito Control Reserve	10,556	494	(8,796)	2,254	10,556	496	0	11,052	10,211	345	0	10,556
(k) Partnership Reserve	12,089,510	8,840,521	(4,545,428)	16,384,603	12,089,510	4,760,496	(3,779,192)	13,070,814	6,614,690	5,474,820	0	12,089,510
(l) Restricted Funds Reserve	79,845	0	(56,821)	23,024	79,845	0	0	79,845	393,835	0	(313,990)	79,845
(m) Waste Management Reserve	13,512,717	8,265,561	0	21,778,278	13,512,717	3,512,600	0	17,025,317	18,457,626	552,351	(5,497,260)	13,512,717
(n) Workers Compensation Reserve	348,270	16,305	0	364,575	348,270	16,767	(65,000)	300,037	400,947	13,554	(66,231)	348,270
	79,910,880	42,262,122	(11,832,033)	110,340,969	75,549,528	37,272,075	(9,638,265)	103,183,338	72,541,873	37,085,987	(29,716,980)	79,910,880
	84,448,299	43,076,163	(11,933,821)	115,590,641	80,086,947	37,480,762	(9,638,265)	107,929,444	78,025,526	37,271,365	(30,848,592)	84,448,299

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

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30. RESERVE ACCOUNTS (Continued)

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

Name of reserve account	Purpose of the reserve account
Restricted by legislation/agreement	
(a) Employee Entitlement Reserve	To fund employee leave entitlements when on extended leave, including long service leave as well as periods of annual leave for periods greater than 4 weeks duration, thereby retaining salary and wages budgets for the funding of replacement staffing during extended periods of leave.
(b) Public Open Space Reserve	To fund development of land set aside for the purpose of public enjoyment and protection of unique, environmental, social and cultural values for existing and future generations.
Restricted by council	
(c) Aerodrome Reserve	The purpose of this reserve is to fund the development, operation and maintenance of the Karratha Airport, inclusive of any repayments of borrowings and the funding of employee entitlements.
(d) Carry Forward Budget Reserve	This reserve is for the purpose of preserving project funds carried over.
(e) Community Development Reserve	The purpose of this reserve is to hold Annual Community Association Grant Scheme unspent payments each year and to fund future projects initiated by Community Associations from time to time via the Annual Community Association Grant Scheme.
(f) Dampier Drainage Reserve	This reserve is maintained as part of an agreement between the City and Hamersley Iron. The purpose of the reserve is to ensure funds are available for the maintenance of drainage in Dampier. Hamersley Iron pay to the City each year a \$10,000 contribution towards this maintenance with any additional works required being drawn from this reserve and similarly, any funds remaining unspent being transferred to this reserve.
(g) Economic Development Reserve	To fund economic development activities within the City, including destination marketing, business attraction, property development and tourism.
(h) Infrastructure Reserve	The purpose of this reserve is to allow for the use of these reserve funds for the enhancement, replacement, refurbishment and purchase of infrastructure assets or project works of the City inclusive of the associated repayment of borrowings on infrastructure. Project works funded from this reserve may not necessarily belong to the City but must be carried out for the benefit of the City.
(i) Medical Services Assistance Package Reserve	The purpose of this reserve is to fund future assistance to Medical Services in accordance with the City's participation in the Medical Services Incentive Scheme. This is inclusive of retention payments to General Practitioner's in accordance with the Medical Services Incentive Scheme.
(j) Mosquito Control Reserve	The purpose of this reserve is to fund mosquito control programmes inclusive of the purchase of replacement equipment as required.
(k) Partnership Reserve	This reserve is maintained as part of the Community Infrastructure and Services Partnership (the Partnership) and the related funding agreements between the City and Rio Tinto Iron Ore. The purpose of the reserve is to preserve funds received under each funding agreement under the partnership and restrict the funds for the purpose of each funding agreement.
(l) Restricted Funds Reserve	This reserve is for the purpose of holding unexpended or prepaid grants (other than Royalties for Regions) and capital contributions provided for specific purposes.
(m) Waste Management Reserve	The purpose of this reserve is to fund development, operation and maintenance of the City's waste management facilities inclusive of repayments of borrowings and the funding of employee entitlements.
(n) Workers Compensation Reserve	The purpose of this reserve is to provide the City with sufficient funds to cover its potential liability in regard to the performance based workers compensation scheme of Local Government Insurance Services of which the City of Karratha is a member. Funds within the reserve that become surplus to requirements will be transferred to the City's Employee Entitlements Reserve via way of the City's Annual Budget.

CITY OF KARRATHA
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31. TRUST FUNDS

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

	1 July 2023	Amounts Received	Amounts Paid	30 June 2024
	\$	\$	\$	\$
Public Open Space Contributions	611,767	0	0	611,767
Karratha Agistment Centre Compensation Funds	206,780	0	0	206,780
Other Bonds & Guarantees	26,577	0	(4,229)	22,348
VAST	119	0	0	119
Ranger Bonds	4,665	0	0	4,665
Unclaimed Monies	2,983	0	0	2,983
Accounts Payable Unclaimed	0	3,149	0	3,149
	852,891	3,149	(4,229)	851,811