

**CITY OF KARRATHA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

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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 2025**

*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 2025 and the financial position as at 30 June 2025.

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

Signed on the                      26th                      day of                      November                      2025

  
\_\_\_\_\_  
CEO

\_\_\_\_\_  
Virginia Miltrup  
Name of CEO

**CITY OF KARRATHA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2025**

	Note	2025 Actual \$	2025 Budget \$	2024 Actual \$
<b>Revenue</b>				
Rates	2(a),27	58,939,663	58,944,740	54,861,525
Grants, subsidies and contributions	2(a)	27,630,482	22,572,822	18,828,429
Fees and charges	2(a)	76,792,233	72,454,164	62,270,194
Interest revenue	2(a)	7,690,065	7,322,882	6,208,182
Other revenue	2(a)	1,201,329	834,022	1,046,525
		172,253,772	162,128,630	143,214,855
<b>Expenses</b>				
Employee costs	2(b)	(54,151,542)	(50,677,316)	(45,087,635)
Materials and contracts		(37,275,803)	(36,558,419)	(32,899,382)
Utility charges		(7,448,227)	(6,568,112)	(7,385,085)
Depreciation		(30,280,133)	(29,635,598)	(29,337,164)
Finance costs	2(b)	(191,083)	(271,894)	(265,170)
Insurance		(3,432,594)	(3,359,325)	(3,773,833)
Other expenditure	2(b)	(2,490,440)	(3,823,800)	(2,380,297)
		(135,269,822)	(130,894,464)	(121,128,566)
		36,983,950	31,234,166	22,086,289
Capital grants, subsidies and contributions	2(a)	2,269,797	2,350,929	3,376,258
Profit on asset disposals		63,719	16,610	35,447
Loss on asset disposals		(43,434)	0	(1,875,761)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	(6,215)	0	9,393
Fair value adjustments to investment property	12	828,054	0	6,937,242
Loss on revaluation of land and buildings	8(a)	0	0	(604,555)
		3,111,921	2,367,539	7,878,024
<b>Net result for the period</b>	26(b)	<b>40,095,871</b>	<b>33,601,705</b>	<b>29,964,313</b>
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	18	(1,408,699)	0	492,326
<b>Total other comprehensive income for the period</b>	18	<b>(1,408,699)</b>	<b>0</b>	<b>492,326</b>
<b>Total comprehensive income for the period</b>		<b>38,687,172</b>	<b>33,601,705</b>	<b>30,456,639</b>

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



**CITY OF KARRATHA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2025**

	<b>Note</b>	<b>2025</b>	<b>2024</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	27,249,332	14,993,326
Trade and other receivables	5	10,484,705	8,451,069
Other financial assets	4(a)	112,000,000	106,021,285
Inventories	6	1,699,504	2,005,847
Other assets	7	7,621,499	6,855,926
<b>TOTAL CURRENT ASSETS</b>		<b>159,055,040</b>	<b>138,327,453</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	4(b)	3,939,334	3,945,549
Property, plant and equipment	8(a)	298,518,843	297,560,753
Infrastructure	9(a)	426,042,942	408,731,471
Right-of-use assets	11(a)	736,246	886,435
Investment property	12	47,350,000	46,350,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>776,587,365</b>	<b>757,474,208</b>
<b>TOTAL ASSETS</b>		<b>935,642,405</b>	<b>895,801,661</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	12,052,923	10,975,490
Contract liabilities	14	267,714	359,084
Capital grant/contributions liabilities	14	0	250,000
Lease liabilities	11(b)	126,888	133,322
Borrowings	15	0	21,285
Employee related provisions	16	4,928,884	4,634,109
<b>TOTAL CURRENT LIABILITIES</b>		<b>17,376,409</b>	<b>16,373,290</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	11(b)	680,117	807,005
Employee related provisions	16	544,688	267,696
Other provisions	17	5,472,110	5,471,760
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>6,696,915</b>	<b>6,546,461</b>
<b>TOTAL LIABILITIES</b>		<b>24,073,324</b>	<b>22,919,751</b>
<b>NET ASSETS</b>		<b>911,569,081</b>	<b>872,881,910</b>
<b>EQUITY</b>			
Retained surplus		492,717,677	471,038,754
Reserve accounts	30	134,007,588	115,590,641
Revaluation surplus	18	284,843,816	286,252,515
<b>TOTAL EQUITY</b>		<b>911,569,081</b>	<b>872,881,910</b>

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 2025**

	<b>Note</b>	<b>Retained surplus</b>	<b>Reserve accounts</b>	<b>Revaluation surplus</b>	<b>Total equity</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance as at 1 July 2023</b>		<b>472,216,783</b>	<b>84,448,299</b>	<b>285,760,189</b>	<b>842,425,271</b>
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
<b>Balance as at 30 June 2024</b>		<b>471,038,754</b>	<b>115,590,641</b>	<b>286,252,515</b>	<b>872,881,910</b>
Comprehensive income for the period					
Net result for the period		40,095,871	0	0	40,095,871
Total comprehensive income for the period		40,095,871	0	(1,408,699)	38,687,172
Transfers from reserve accounts	30	17,829,629	(17,829,629)	0	0
Transfers to reserve accounts	30	(36,246,576)	36,246,576	0	0
<b>Balance as at 30 June 2025</b>		<b>492,717,677</b>	<b>134,007,588</b>	<b>284,843,816</b>	<b>911,569,081</b>

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 2025**

	Note	2025 Actual \$	2024 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Rates		58,401,286	55,257,316
Grants, subsidies and contributions		15,449,360	15,383,141
Fees and charges		76,451,930	62,171,861
Interest revenue		7,690,065	4,986,312
Goods and services tax received		129,950	593,572
Other revenue		1,201,329	1,046,525
		159,323,920	139,438,727
<b>Payments</b>			
Employee costs		(53,253,079)	(44,031,096)
Materials and contracts		(36,879,459)	(34,302,926)
Utility charges		(7,448,227)	(7,385,085)
Finance costs		(17,276)	(20,341)
Insurance paid		(3,432,594)	(3,773,833)
Goods and services tax paid		(554,979)	(661,730)
Other expenditure		(2,490,440)	(2,380,297)
		(104,076,054)	(92,555,308)
<b>Net cash provided by operating activities</b>	19(b)	55,247,866	46,883,419
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for financial assets at amortised cost		(6,000,000)	(33,000,052)
Payments for purchase of property, plant & equipment	8(a)	(14,323,275)	(8,245,635)
Payments for construction of infrastructure		(25,084,360)	(11,084,744)
Payments for investment property	12	(171,946)	(112,758)
Proceeds from capital grants, subsidies and contributions		2,269,797	3,376,258
Proceeds from financial assets at amortised cost - self-supporting loans		21,281	22,666
Proceeds from sale of property, plant & equipment		451,250	975,684
Proceeds from sale of infrastructure		0	798,571
<b>Net cash (used in) investing activities</b>		(42,837,253)	(47,270,010)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings	29(a)	(21,285)	(22,666)
Payments for principal portion of lease liabilities	29(b)	(133,322)	(134,325)
<b>Net cash (used in) financing activities</b>		(154,607)	(156,991)
<b>Net increase/(decrease) in cash held</b>		12,256,006	(543,582)
Cash at beginning of year		14,993,326	15,536,908
<b>Cash and cash equivalents at the end of the year</b>	19(a)	27,249,332	14,993,326

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 2025**

	Note	2025 Actual \$	2025 Budget \$	2024 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities</b>				
General rates	27	58,867,893	58,887,400	54,800,841
Rates excluding general rates	27	71,770	57,340	60,684
Grants, subsidies and contributions		27,630,482	22,572,822	18,828,429
Fees and charges		76,792,233	72,454,164	62,270,194
Interest revenue		7,690,065	7,322,882	6,208,182
Other revenue		1,201,329	834,022	1,046,525
Profit on asset disposals		63,719	16,610	35,447
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	0	0	9,393
Fair value adjustments to investment property	12	828,054	0	6,937,242
		173,145,545	162,145,240	150,196,937
<b>Expenditure from operating activities</b>				
Employee costs		(54,151,542)	(50,677,316)	(45,087,635)
Materials and contracts		(37,275,803)	(36,558,419)	(32,899,382)
Utility charges		(7,448,227)	(6,568,112)	(7,385,085)
Depreciation		(30,280,133)	(29,635,598)	(29,337,164)
Finance costs		(191,083)	(271,894)	(265,170)
Insurance		(3,432,594)	(3,359,325)	(3,773,833)
Other expenditure		(2,490,440)	(3,823,800)	(2,380,297)
Loss on asset disposals		(43,434)	0	(1,875,761)
Loss on revaluation of non-current assets		0	0	(604,555)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	(6,215)	0	0
		(135,319,471)	(130,894,464)	(123,608,882)
Non-cash amounts excluded from operating activities	28(a)	18,035,058	29,038,871	22,294,700
<b>Amount attributable to operating activities</b>		55,861,132	60,289,647	48,882,755
<b>INVESTING ACTIVITIES</b>				
<b>Inflows from investing activities</b>				
Capital grants, subsidies and contributions		2,269,797	2,350,929	3,376,258
Proceeds from disposal of assets		451,250	580,117	1,774,255
Proceeds from financial assets at amortised cost - self-supporting loans	29(a)	21,285	21,281	22,666
		2,742,332	2,952,327	5,173,179
<b>Outflows from investing activities</b>				
Acquisition of property, plant and equipment	8(a)	(14,323,275)	(9,036,305)	(8,245,635)
Acquisition of infrastructure	9(a)	(35,915,894)	(41,480,896)	(12,217,169)
Payments for investment property	12	(171,946)	(104,974)	(112,758)
		(50,411,115)	(50,622,175)	(20,575,562)
Non-cash amounts excluded from investing activities	28(b)	11,340,716	(580,117)	1,840,374
<b>Amount attributable to investing activities</b>		(36,328,067)	(48,249,965)	(13,562,009)
<b>FINANCING ACTIVITIES</b>				
<b>Inflows from financing activities</b>				
Transfers from reserve accounts	30	17,829,629	30,578,162	11,933,821
		17,829,629	30,578,162	11,933,821
<b>Outflows from financing activities</b>				
Repayment of borrowings	29(a)	(21,285)	(21,281)	(22,666)
Payments for principal portion of lease liabilities	29(b)	(133,322)	(133,322)	(134,325)
Transfers to reserve accounts	30	(36,246,576)	(42,218,874)	(43,076,163)
		(36,401,183)	(42,373,477)	(43,233,154)
<b>Amount attributable to financing activities</b>		(18,571,554)	(11,795,315)	(31,299,333)
<b>MOVEMENT IN SURPLUS OR DEFICIT</b>				
<b>Surplus or deficit at the start of the financial year</b>	28(c)	8,147,653	9,490	4,126,240
Amount attributable to operating activities		55,861,132	60,289,647	48,882,755
Amount attributable to investing activities		(36,328,067)	(48,249,965)	(13,562,009)
Amount attributable to financing activities		(18,571,554)	(11,795,315)	(31,299,333)
<b>Surplus or deficit after imposition of general rates</b>	28(c)	<b>9,109,164</b>	<b>253,857</b>	<b>8,147,653</b>

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



**CITY OF KARRATHA**  
**FOR THE YEAR ENDED 30 JUNE 2025**  
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**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying 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 2020-1 *Amendments to Australian Accounting Standards*
  - *Classification of Liabilities as Current or Non-current*
- AASB 2022-5 *Amendments to Australian Accounting Standards*
  - *Lease Liability in a Sale and Leaseback*
- AASB 2022-6 *Amendments to Australian Accounting Standards*
  - *Non-current Liabilities with Covenants*
- AASB 2023-3 *Amendments to Australian Accounting Standards*
  - *Disclosure of Non-current Liabilities with Covenants: Tier 2*
- AASB 2024-1 *Amendments to Australian Accounting Standards*
  - *Supplier Finance Arrangements: Tier 2 Disclosures*
- AASB 2023-1 *Amendments to Australian Accounting Standards*
  - *Supplier Finance Arrangements*

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 certain non-financial assets on revaluation. The impact has not been quantified as it is not considered practicable to determine the amount of the difference in fair value attributable to the change in the standard.

Accounting standard amendments will be adopted as part of the next revaluation year due in 2027.

**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 2024-4b *Amendments to Australian Accounting Standards*
  - *Effective Date of Amendments to AASB 10 and AASB 128 [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- AASB 2022-9 *Amendments to Australian Accounting Standards*
  - *Insurance Contracts in the Public Sector*
- AASB 2023-5 *Amendments to Australian Accounting Standards*
  - *Lack of Exchangeability*
- AASB 18 (FP) *Presentation and Disclosure in Financial Statements*
  - (Appendix D) [for for-profit entities]
- AASB 18 (NFP/super) *Presentation and Disclosure in Financial Statements*
  - (Appendix D) [for not-for-profit and superannuation entities]
- AASB 2024-2 *Amendments to Australian Accounting Standards*
  - *Classification and Measurement of Financial Instruments*
- AASB 2024-3 *Amendments to Australian Accounting Standards*
  - *Annual Improvements Volume 11*

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

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**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**

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.

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 2025**

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	58,867,893	71,770	58,939,663
Grants, subsidies and contributions	21,294,756	0	6,335,726	0	27,630,482
Fees and charges	47,284,155	0	29,508,078	0	76,792,233
Interest revenue	0	0	455,843	7,234,222	7,690,065
Other revenue	0	0	53,997	1,147,332	1,201,329
Capital grants, subsidies and contributions	0	2,269,797	0	0	2,269,797
<b>Total</b>	<b>68,578,911</b>	<b>2,269,797</b>	<b>95,221,537</b>	<b>8,453,324</b>	<b>174,523,569</b>

**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	11,176,399	0	7,652,030	0	18,828,429
Fees and charges	41,755,841	0	20,514,353	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
<b>Total</b>	<b>52,932,240</b>	<b>3,376,258</b>	<b>83,370,887</b>	<b>6,911,728</b>	<b>146,591,113</b>

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

	<b>Note</b>	<b>2025 Actual \$</b>	<b>2024 Actual \$</b>
<b>Assets and services acquired below fair value</b>			
Contributed assets		10,831,534	1,132,425
		10,831,534	1,132,425
<b>Interest revenue</b>			
Financial assets at amortised cost - self-supporting loans		364	1,149
Interest on reserve account		5,824,223	3,949,894
Rate instalment and penalty interest		593,775	344,201
Trade and other receivables overdue interest		31,979	59,462
Interest on municipal investments		562,790	988,891
Other interest revenue		676,934	864,585
		7,690,065	6,208,182
The 2025 original budget estimate in relation to: Trade and other receivables overdue interest was \$152,000.			
<b>Fees and charges relating to rates receivable</b>			
Charges on instalment plan	27(b)	60,426	62,405
The 2025 original budget estimate in relation to: Charges on instalment plan was \$168,378.			

**(b) Expenses**

<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report		119,460	105,407
- Other services – grant acquittals		9,300	3,550
		128,760	108,957
<b>Employee Costs</b>			
Employee benefit costs		52,575,454	44,287,514
Other employee costs		1,576,088	800,121
		54,151,542	45,087,635
<b>Finance costs</b>			
Provisions: unwinding of discount		173,807	244,829
ATO General Interest Charge		330	0
Borrowings		364	1,149
Lease liabilities		16,582	19,192
		191,083	265,170
<b>Other expenditure</b>			
Sundry expenses		424,842	482,716
Community funding		658,160	518,091
Contributions		886,257	636,625
Councillors expenses		554,670	528,614
Write-offs/doubtful debts		(33,489)	214,251
		2,490,440	2,380,297

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**3. CASH AND CASH EQUIVALENTS**

Cash at bank and on hand  
Term deposits  
**Total cash and cash equivalents**

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

Note	2025	2024
	\$	\$
	15,249,332	14,993,326
	12,000,000	0
19(a)	27,249,332	14,993,326
	4,974,030	4,814,886
19(a)	22,275,302	10,178,440
	27,249,332	14,993,326

**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.

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

**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.

**4. OTHER FINANCIAL ASSETS**

**(a) Current assets**

Financial assets at amortised cost

**Other financial assets at amortised cost**

Self-supporting loans receivable  
Term deposits

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

**(b) Non-current assets**

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

**Financial assets at amortised cost**

Loans receivable - clubs/institutions

**Financial assets at fair value through profit or loss**

Units in Local Government House Trust - opening balance  
Movement attributable to fair value  
Units in Local Government House Trust - closing balance

Note	2025	2024
	\$	\$
	112,000,000	106,021,285
	112,000,000	106,021,285
28(c)	0	21,285
	112,000,000	106,000,000
	112,000,000	106,021,285
19(a)	0	14,021,285
	112,000,000	92,000,000
	112,000,000	106,021,285
	3,800,000	3,800,000
	139,334	145,549
	3,939,334	3,945,549
	3,800,000	3,800,000
	3,800,000	3,800,000
	145,549	136,156
	(6,215)	9,393
	139,334	145,549

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 classifies 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 2025**

**5. TRADE AND OTHER RECEIVABLES**

	Note	2025 \$	2024 \$
<b>Current</b>			
Rates and statutory receivables		2,225,851	1,865,963
Trade receivables		8,207,062	7,236,464
Other receivables		224,527	399,914
GST receivable		581,532	156,503
Receivables for employee related provisions	16	39,550	0
Allowance for credit losses of rates and statutory receivables	23(b)	(42,416)	(37,553)
Allowance for credit losses of trade receivables	23(b)	(751,401)	(1,170,222)
		<u>10,484,705</u>	<u>8,451,069</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 therefore is prevented from selling or pledging the receivables, late payment and credit risk remains with the City of Karratha, and 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 2025 Actual \$	30 June 2024 Actual \$	1 July 2023 Actual \$
Trade and other receivables from contracts with customers		8,431,589	7,636,378	10,583,371
Contract assets	7	664,000	607,649	654,000
Allowance for credit losses of trade receivables	5	(751,401)	(1,170,222)	(1,262,907)
Total trade and other receivables from contracts with customers		<u>8,344,188</u>	<u>7,073,805</u>	<u>9,974,464</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.

**GST Receivable**

GST receivable is offset against GST payable and any net GST receivable is included as a statutory receivable

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**6. INVENTORIES**

Note	2025	2024
	\$	\$
<b>Current</b>		
Fuel and materials	683,187	723,597
Corporate Uniform	61,664	56,737
Food, drinks & merchandise Roebourne Aquatic Centre	3,915	415
Food, drinks & merchandise Indoor Play Centre	5,297	1,775
Food, drinks & merchandise Wickham Recreation Precinct	2,358	2,835
Food, drinks & merchandise Karratha Leisureplex	9,933	8,508
Food, drinks & merchandise Red Earth Arts Precinct	23,754	13,819
Food, drinks & merchandise Karratha Visitor Centre	8,128	12,914
Land held for resale		
Cost of acquisition	275,359	265,294
Development costs	2,562,206	2,562,206
Disposal costs	(1,936,297)	(1,642,253)
	1,699,504	2,005,847
The following movements in inventories occurred during the year:		
<b>Balance at beginning of year</b>	2,005,847	2,901,664
Inventories expensed during the year	(3,204,814)	(2,652,599)
Transfers from inventory to PPE	0	(707,949)
Additions to inventory	2,898,471	2,464,730
<b>Balance at end of year</b>	1,699,504	2,005,847

**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 2025

7. OTHER ASSETS

	2025	2024
	\$	\$
Other assets - current		
Prepayments	770,253	962,750
Accrued income	6,187,246	5,285,527
Contract assets	664,000	607,649
	7,621,499	6,855,926

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.

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.

CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025

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			Total property, plant and equipment	
	Note	Land	Buildings	Land	Buildings	Land	Buildings	Work in progress	Total property	Furniture and equipment	Plant and equipment		Artwork and Sculptures
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2023		19,503,881	197,596,772	1,664,600	64,414,478	21,168,481	262,011,250	4,739,400	287,919,131	3,051,811	10,532,097	2,241,419	303,744,458
Additions		1,204,555	3,542,838	0	443,777	1,204,555	3,986,615	253,319	5,444,489	72,934	2,728,212	0	8,245,635
Disposals		(219,000)	(1,032,044)	0	0	(219,000)	(1,032,044)	(1,371,232)	(2,622,276)	0	(197,592)	0	(2,819,868)
Revaluation increments / (decrements) transferred to revaluation surplus*		0	492,326	0	0	0	492,326	0	492,326	0	0	0	492,326
Revaluation (loss) / reversals transferred to profit or loss*		(604,555)	0	0	0	(604,555)	0	0	(604,555)	0	0	0	(604,555)
Depreciation		0	(7,134,701)	0	(2,413,492)	0	(9,548,193)	0	(9,548,193)	(686,039)	(1,924,405)	(50,424)	(12,209,061)
Adjustments		0	152,655	0	0	0	152,655	0	152,655	(132,966)	(15,818)	(1)	3,870
Transfers from Inventory to PPE		707,949	0	0	0	707,949	0	0	707,949	0	0	0	707,949
Transfers		0	1,004,377	0	1,710,599	0	2,714,976	(2,937,570)	(222,594)	0	222,593	0	(1)
Balance at 30 June 2024		20,592,830	194,622,223	1,664,600	64,155,362	22,257,430	258,777,585	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	256,762,952	1,664,600	87,497,830	22,257,430	344,260,782	683,917	367,202,129	4,628,781	18,143,979	2,458,376	392,433,265
Accumulated depreciation at 30 June 2024		0	(62,140,729)	0	(23,342,468)	0	(85,483,197)	0	(85,483,197)	(2,323,041)	(6,798,892)	(267,382)	(94,872,512)
Balance at 30 June 2024	8(b)	20,592,830	194,622,223	1,664,600	64,155,362	22,257,430	258,777,585	683,917	281,718,932	2,305,740	11,345,087	2,190,994	297,560,753
Additions		0	7,185,046	0	858,532	0	8,043,578	2,959,165	11,002,743	300,535	3,019,997	0	14,323,275
Disposals		0	(289,420)	0	0	0	(289,420)	(26,307)	(315,727)	(20,222)	(184,696)	0	(520,645)
Depreciation		0	(7,326,298)	0	(2,423,547)	0	(9,749,845)	0	(9,749,845)	(652,606)	(2,200,599)	(50,285)	(12,653,335)
Transfers		0	89,239	0	0	0	89,239	(449,687)	(360,448)	53,572	115,671	0	(191,205)
Balance at 30 June 2025		20,592,830	194,280,790	1,664,600	62,590,347	22,257,430	256,871,137	3,167,088	282,295,655	1,987,019	12,095,460	2,140,709	298,518,843
Comprises:													
Gross balance amount at 30 June 2025		20,592,830	263,379,159	1,664,600	88,356,360	22,257,430	351,735,519	3,167,088	377,160,037	4,925,740	20,945,672	2,458,374	405,489,823
Accumulated depreciation at 30 June 2025		0	(69,098,369)	0	(25,766,013)	0	(94,864,382)	0	(94,864,382)	(2,938,721)	(8,850,212)	(317,665)	(106,970,980)
Balance at 30 June 2025	8(b)	20,592,830	194,280,790	1,664,600	62,590,347	22,257,430	256,871,137	3,167,088	282,295,655	1,987,019	12,095,460	2,140,709	298,518,843

\*These relate to the recognition of assets acquired during the financial year to ensure that the carrying amount does not materially differ from fair value of its respective class of assets. This initial fair value measurement is not considered a revaluation under the revaluation model.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**8. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Carrying amount measurements**

Asset class	Note	Carrying amount 2025 \$	Carrying amount 2024 \$	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
<b>(i) Fair value - as determined at the last valuation date</b>								
<b>Land and buildings</b>								
Land - freehold 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.
		17,033,430	17,033,430					
Land - subject to usage restrictions		5,224,000	5,224,000					
Total land	8(a)	22,257,430	22,257,430					
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.
		48,690,199	47,658,595					
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
		208,180,938	211,118,990					
Total buildings	8(a)	256,871,137	258,777,585					
<b>(ii) Cost</b>								
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**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**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 Asset	Infrastructure - Aerodromes	Infrastructure - Miscellaneous Structures	Total infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2023</b>	205,681,274	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)
<b>Balance at 30 June 2024</b>	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
<b>Comprises:</b>									
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)
<b>Balance at 30 June 2024</b>	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
Additions	5,115,511	2,225,549	4,732,891	10,203,191	13,213,955	0	135,594	289,203	35,915,894
Disposals	(307,723)	(5,855)	(270,498)	(533,836)	(199,739)	0	(1,369)	0	(1,319,020)
Depreciation	(6,754,121)	(1,055,394)	(691,656)	(3,886,442)	0	(1,072,962)	(2,720,837)	(1,295,197)	(17,476,609)
Transfers	54,253	463,946	190,862	969,765	(1,824,682)	0	335,926	1,136	191,206
<b>Balance at 30 June 2025</b>	198,735,726	39,744,678	30,130,799	63,259,176	15,571,294	3,215,945	70,066,713	5,318,611	426,042,942
<b>Comprises:</b>									
Gross balance at 30 June 2025	309,371,853	57,352,681	41,075,529	100,534,812	15,571,294	5,782,145	111,886,153	14,254,661	655,829,128
Accumulated depreciation at 30 June 2025	(110,636,127)	(17,608,003)	(10,944,730)	(37,275,636)	0	(2,566,200)	(41,819,440)	(8,936,050)	(229,786,186)
<b>Balance at 30 June 2025</b>	198,735,726	39,744,678	30,130,799	63,259,176	15,571,294	3,215,945	70,066,713	5,318,611	426,042,942

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

During the year ended 30 June 2024	558,786	369,955	203,684	0	0	0	0	0	1,132,425
During the year ended 30 June 2025	3,959,345	913,391	2,523,219	3,435,579	0	0	0	0	10,831,534

The contributed assets identified above relate to the Madigan Estate subdivision and Cheeditha Loop reseal for 2025, and the Tambrey Subdivision in 2024

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**9. INFRASTRUCTURE (Continued)**

**(b) Carrying amount measurements**

<b>Asset class</b>	<b>Fair value hierarchy</b>	<b>Valuation technique</b>	<b>Basis of valuation</b>	<b>Date of last valuation</b>	<b>Inputs used</b>
<b>(i) Fair value - as determined at the last valuation date</b>					
<b>Infrastructure - roads</b>	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
<b>Infrastructure - footpaths</b>	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
<b>Infrastructure - drainage</b>	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
<b>Infrastructure - parks and ovals</b>	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
<b>Landfill Asset</b>	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
<b>Infrastructure - Aerodromes</b>	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
<b>Infrastructure - Miscellaneous Structures</b>	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
<b>(ii) Current Replacement Cost</b>					
<b>Infrastructure - work in progress</b>	Cost	N/A	Cost	N/A	Purchase Cost

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**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:

<b>Asset class</b>	<b>Useful life</b>
Buildings	25 to 100 years
Furniture and equipment	2.5 to 30 years
Plant and equipment	5 to 12 years
Sealed roads and streets	
formation	not depreciated
pavement	80 years
seal	
- bituminous seals	20 to 30 years
- asphalt surfaces	20 to 30 years
Gravel roads	
formation	not depreciated
pavement	10 to 80 years
Footpaths - slab	10 to 60 years
Sewerage piping	100 years
Water supply piping and drainage systems	15 to 40 years
Landfill assets	30 years
Right-of-use (buildings)	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	10 to 80 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.

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Buildings - non specialised	0	234,884
Furniture and equipment	18	0
Plant and equipment	11	101,587
	<b>29</b>	<b>336,471</b>



**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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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; or
- (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**  
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**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.

<b>Note</b>	<b>Right-of-use assets - land and buildings</b>	<b>Total right-of-use assets</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2023</b>	1,044,196	1,044,196
Depreciation	(157,761)	(157,761)
<b>Balance at 30 June 2024</b>	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)
<b>Balance at 30 June 2024</b>	886,435	886,435
Depreciation	(150,189)	(150,189)
<b>Balance at 30 June 2025</b>	736,246	736,246
Gross balance amount at 30 June 2025	1,456,057	1,456,057
Accumulated depreciation at 30 June 2025	(719,811)	(719,811)
<b>Balance at 30 June 2025</b>	736,246	736,246

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

	<b>2025 Actual</b>	<b>2024 Actual</b>
	<b>\$</b>	<b>\$</b>
Depreciation on right-of-use assets	(150,189)	(157,761)
Finance charge on lease liabilities	(16,582)	(19,192)
<b>Total amount recognised in the statement of comprehensive income</b>	(166,771)	(176,953)
Total cash outflow from leases	(149,904)	(153,517)

**(b) Lease liabilities**

Current	126,888	133,322
Non-current	680,117	807,005
	<b>807,005</b>	<b>940,327</b>

**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).

Refer to Note 12 for details of leased investment property.

**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**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**12. INVESTMENT PROPERTY**

**Non-current assets - at reportable value**

Carrying balance at 1 July	46,350,000	39,300,000	39,300,000
Acquisitions	171,946	104,974	112,758
Net gain/(loss) from fair value adjustment	828,054	0	6,937,242
Closing balance at 30 June	47,350,000	39,404,974	46,350,000

**Amounts recognised in profit or loss for investment properties**

Rental income	4,136,772	4,291,968	4,157,444
Direct operating expenses from property that generated rental income	(1,298,996)	(2,026,970)	(2,700,532)
Fair value gain recognised in profit or loss	828,054	0	6,937,242

**Leasing arrangements**

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

Less than 1 year	2,790,642	0	2,644,226
1 to 2 years	2,325,248	0	2,402,211
2 to 3 years	2,021,588	0	1,979,413
3 to 4 years	1,958,409	0	1,879,497
4 to 5 years	1,958,409	0	1,872,752
> 5 years	3,278,131	0	5,015,048
	14,332,427	0	15,793,147

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 variables 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 the leases.

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

Refer to Note 21 for disclosure of contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements

**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**

An independent 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**  
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**13. TRADE AND OTHER PAYABLES**

**Current**

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

2025	2024
\$	\$
5,526,075	3,157,357
575,832	754,321
1,516,487	1,442,832
1,622,124	1,295,428
57,424	47,883
908,054	1,219,263
1,846,927	3,058,406
12,052,923	10,975,490

**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.

**Statutory liabilities**

Statutory liabilities, are amounts owed to regulatory authorities due to statutory obligations such as FBT and PAYG. GST payable is offset against GST receivable and any net GST payable is included as a statutory liability.

**Trade and other payables**

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

**Prepaid rates**

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

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**14. OTHER LIABILITIES**

**Current**

Contract liabilities  
 Capital grant/contributions liabilities

**Reconciliation of changes in contract liabilities**

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

The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$267,714 (2024: \$702,834)

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

**Reconciliation of changes in capital grant/contribution liabilities**

Opening balance  
 Additions

2025	2024
\$	\$
267,714	359,084
0	250,000
267,714	609,084
359,084	280,000
267,714	359,084
(359,084)	(280,000)
267,714	359,084
250,000	0
(250,000)	250,000
0	250,000

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.

**MATERIAL ACCOUNTING POLICIES**

**Contract liabilities**

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

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

**Capital grant/contribution liabilities**

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

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**15. BORROWINGS**

	Note	2025			2024		
		Current	Non-current	Total	Current	Non-current	Total
<b>Unsecured</b>		\$	\$	\$	\$	\$	\$
Long term borrowings - self supporting loans		0	0	0	21,285	0	21,285
<b>Total unsecured borrowings</b>	29(a)	0	0	0	21,285	0	21,285

**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 hierarchy (see Note 25(i)) due to the unobservable inputs, including own credit risk.

**Risk**

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

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

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**16. EMPLOYEE RELATED PROVISIONS**

**Employee related provisions**

**Current provisions**

**Employee benefit provisions**

Annual leave

Long service leave

**Employee related other provisions**

Employment on-costs

**Total current employee related provisions**

**Non-current provisions**

**Employee benefit provisions**

Long service leave

**Employee related other provisions**

Employment on-costs

**Total non-current employee related provisions**

**Total employee related provisions**

	2025	2024
	\$	\$
Annual leave	2,910,940	3,098,485
Long service leave	1,358,650	1,535,624
	4,269,590	4,634,109
Employment on-costs	659,294	0
	659,294	0
<b>Total current employee related provisions</b>	<b>4,928,884</b>	<b>4,634,109</b>
Long service leave	335,390	267,696
	335,390	267,696
Employment on-costs	209,298	0
	209,298	0
<b>Total non-current employee related provisions</b>	<b>544,688</b>	<b>267,696</b>
<b>Total employee related provisions</b>	<b>5,473,572</b>	<b>4,901,805</b>

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

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

**Amounts are expected to be settled on the following basis:**

Less than 12 months after the reporting date

More than 12 months from reporting date

Note	2025	2024
	\$	\$
Less than 12 months after the reporting date	4,928,884	4,634,109
More than 12 months from reporting date	544,688	267,696
	5,473,572	4,901,805

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

5	39,550	0
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**MATERIAL ACCOUNTING POLICIES**

**Employee benefits**

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

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

	<b>Make good provisions</b>	<b>Provision for remediation costs</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Opening balance at 1 July 2024</b>			
Non-current provisions	60,000	5,411,760	5,471,760
	60,000	5,411,760	5,471,760
Reduction to provision	0	(173,457)	(173,457)
Charged to profit or loss			
- unwinding of discount	0	173,807	173,807
<b>Balance at 30 June 2025</b>	60,000	5,412,110	5,472,110
<b>Comprises</b>			
Non-current	60,000	5,412,110	5,472,110
	60,000	5,412,110	5,472,110

**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, one of which has been fully capped, 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 as liabilities within the financial statements, based on the discounted future values of the estimated costs for the two established cells, using current financial information and the target RBA inflation rate. Increments/decrements in the provision are assessed annually based on the change in the net present value of the future cash outflows of costs for site rehabilitation. These movements are recognised under the revaluation reserve, and the unwinding of the discount is expensed as incurred.

**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**  
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**18. REVALUATION SURPLUS**

	<b>2025 Opening balance</b>	<b>Total Movement on revaluation</b>	<b>2025 Closing balance</b>	<b>2024 Opening balance</b>	<b>Total Movement on revaluation</b>	<b>2024 Closing balance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revaluation surplus - Land - freehold land	13,467,574	0	13,467,574	13,467,574	0	13,467,574
Revaluation surplus - Buildings - non-specialised	40,102,660	(289,420)	39,813,240	39,610,334	492,326	40,102,660
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	(1,119,279)	132,116,171	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 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
	<b>286,252,515</b>	<b>(1,408,699)</b>	<b>284,843,816</b>	<b>285,760,189</b>	<b>492,326</b>	<b>286,252,515</b>

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**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	2025 Actual	2024 Actual
	\$	\$

Cash and cash equivalents	3	27,249,332	14,993,326
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**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	22,275,302	10,178,440
- Unrestricted financial assets at amortised cost	4	0	14,021,285
- Restricted financial assets at amortised cost	4	112,000,000	92,000,000
		134,275,302	116,199,725

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

Restricted reserve accounts	30	134,007,588	115,590,641
Contract liabilities	14	267,714	359,084
Capital grant liabilities	14	0	250,000
<b>Total restricted financial assets</b>		134,275,302	116,199,725

**(b) Reconciliation of net result to net cash provided by operating activities**

Net result		40,095,871	29,964,313
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**Non-cash items:**

Adjustments to fair value of financial assets at fair value through profit or loss		6,215	(9,393)
Adjustments to fair value of investment property		(828,054)	(6,937,242)
Depreciation/amortisation		30,280,133	29,337,164
Loss on sale of asset		(20,285)	1,840,314
Loss on revaluation of fixed assets		0	604,555
Assets received for substantially less than fair value		(10,831,534)	(1,132,425)

**Changes in assets and liabilities:**

Increase in trade and other receivables		(2,163,586)	(516,615)
Increase in other assets		(765,573)	(2,529,552)
Decrease in inventories		306,343	187,869
Increase/(decrease) in trade and other payables		1,207,386	(618,556)
Increase in employee related provisions		571,767	499,824
Increase/(decrease) in other provisions		350	(759,663)
Decrease in other liabilities		(341,370)	329,084
Capital grants, subsidies and contributions		(2,269,797)	(3,376,258)
<b>Net cash provided by operating activities</b>		55,247,866	46,883,419

**(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	200,000
Credit card balance at balance date		(41,196)	(56,783)
<b>Total amount of credit unused</b>		1,158,804	1,143,217

**Loan facilities**

Loan facilities - current		0	21,285
<b>Total facilities in use at balance date</b>		0	21,285

<b>Unused loan facilities at balance date</b>		NIL	NIL
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**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**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 sites 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**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Contracted for:		
City Housing	0	16,705
Karratha Leisureplex Facility Improvement Study	51,658	51,658
Murujuga Access Road	220,335	143,677
Roebourne Streetscape	16,116	16,116
Lot 7020 Development Proposal	0	136,895
Housing Construction - Jingarri Sites	0	12,847
Bulgarra Oval Lighting Replacement	0	1,708,559
Karratha Leisureplex Outdoor Court Shading	0	406,380
Playground Revitalisation - Smith-Delambre Park	0	282
Hillview and Balmoral Roads Reconstruction	0	4,034,275
Operations Centre B4 HVAC Upgrade	293,692	740,919
Coolawanyah - De Witt Roads Intersection Upgrade	1,689,941	0
Wickham Boat Beach Ramp and Jetty (Design)	294,246	0
Roebourne – Wickham Cemetery Landscaping	411,610	0
Wickham Recreation Precinct Multi-Purpose Courts Shade (Design)	179,639	0
Playground Revitalisation	637,528	0
Airport Projects	34,816	0
Building Improvements - PPE	593,963	288,085
Building Improvements - Investment Property	291,112	0
Equipment Purchases	913,924	500,410
Information Technology Projects	147,225	61,371
Land and Housing Developments	5,728,174	877,327
Pathway Projects	10,931	1,069,798
Plant Purchases	440,504	462,304
Recreational Replacement/Upgrade	1,864,301	808,679
Road Projects	3,032,780	1,133,262
Stormwater Structure Projects	112,443	1,566,547
Town Revitalisation Strategies	1,241,323	19,840
	<b>18,206,260</b>	<b>14,055,934</b>
Payable:		
- not later than one year	<b>18,206,260</b>	<b>14,055,934</b>

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**22. RELATED PARTY TRANSACTIONS**

**(a) Council member remuneration**

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

Note	2025 Actual	2025 Budget	2024 Actual
	\$	\$	\$
Mayor's annual allowance	97,115	97,115	90,745
Mayor's meeting attendance fees	51,412	51,412	58,106
Mayor's other expenses	0	7,000	446
Mayor's annual allowance for ICT expenses	3,500	3,500	4,576
Mayor's travel and accommodation expenses	1,882	6,000	3,098
	153,909	165,027	156,971
Deputy Mayor's annual allowance	24,279	24,279	22,748
Deputy Mayor's meeting attendance fees	34,278	34,278	32,153
Deputy Mayor's other expenses	0	5,000	460
Deputy Mayor's annual allowance for ICT expenses	3,500	3,500	3,500
Deputy Mayor's travel and accommodation expenses	655	6,000	2,574
	62,712	73,057	61,435
All other council member's meeting attendance fees	244,493	274,224	257,373
All other council member's All other council member expenses	0	40,000	104
All other council member's annual allowance for ICT expenses	24,968	28,000	27,730
All other council member's travel and accommodation expenses	5,341	48,000	2,092
	274,802	390,224	287,299
22(b)	491,423	628,308	505,705

**(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	1,310,092	1,161,719
Post-employment benefits	151,375	128,233
Employee - other long-term benefits	174,226	111,372
Employee - termination benefits	11,517	0
Council member costs	491,423	505,705
22(a)	2,138,633	1,907,029

*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 2025**

**22. RELATED PARTY TRANSACTIONS (Continued)**

**(c) Transactions with related parties**

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

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

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

	<b>2025 Actual \$</b>	<b>2024 Actual \$</b>
Sale of goods and services	106,545	33,343
Purchase of goods and services	285,036	167,237
<b>Amounts outstanding from related parties:</b>		
Trade and other receivables	663	3,662
<b>Amounts payable to related parties:</b>		
Trade and other payables	47,098	0

**(d) Related parties**

**The City's main related parties are as follows:**

*i. Key management personnel*

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

*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 Catering Services to the City, and amounted to \$69,347

Another contract involved providing photography services to the City, and amounted to \$31,339

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 2025**

**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.

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

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

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

**(a) Interest rate risk**

**Cash and cash equivalents**

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

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

	<b>Weighted average interest rate</b>	<b>Carrying amounts</b>	<b>Fixed interest rate</b>	<b>Variable interest rate</b>	<b>Non interest bearing</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2025</b>					
Cash and cash equivalents	4.19%	27,249,332	12,000,000	15,249,332	0
Financial assets at amortised cost - term deposits	4.82%	112,000,000	112,000,000	0	0
Financial assets at amortised cost - Treasury bonds	0.00%	0	0	0	0
<b>2024</b>					
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
Financial assets at amortised cost - Treasury bonds	0.00%	0	0	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.

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% movement in interest rates on profit or loss and equity*	152,493	149,933

\* 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**  
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**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 2024 or 1 July 2025 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 2025 and 30 June 2024 was determined as follows for trade and other receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2025</b>					
<b>Trade receivables</b>					
Expected credit loss	0.01%	83.50%	5.14%	102.06%	
Gross carrying amount	7,405,426	160,071	80,956	600,759	8,247,212
Loss allowance	463	133,666	4,161	613,111	751,401
<b>Rates receivables</b>					
Expected credit loss	0.47%	1.86%	3.85%	14.60%	
Gross carrying amount	1,044,392	298,966	140,310	182,111	1,665,779
Loss allowance	4,863	5,570	5,396	26,587	42,416
<b>30 June 2024</b>					
<b>Trade receivables</b>					
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
<b>Rates receivables</b>					
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

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**23. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit risk (Continued)**

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

	<b>Trade receivables</b>		<b>Rates receivables</b>		<b>Contract assets</b>	
	<b>2025 Actual</b>	<b>2024 Actual</b>	<b>2025 Actual</b>	<b>2024 Actual</b>	<b>2025 Actual</b>	<b>2024 Actual</b>
<b>Opening loss allowance as at 1 July</b>	\$ 1,170,222	\$ 1,262,907	\$ 37,553	\$ 43,201	\$ 0	\$ 0
Increase in loss allowance recognised in profit or loss during the year	268,677	0	5,757	0	0	0
Receivables written off during the year as uncollectible	(687,498)	(407,388)	(894)	(16,019)	0	0
Unused amount reversed	0	314,703	0	10,371	0	0
<b>Closing loss allowance at 30 June</b>	<b>751,401</b>	<b>1,170,222</b>	<b>42,416</b>	<b>37,553</b>	<b>0</b>	<b>0</b>

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

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

**Contract assets**

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

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



**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**23. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Liquidity risk**

**Payables and borrowings**

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

	<b>Due within 1 year</b>	<b>Due between 1 &amp; 5 years</b>	<b>Due after 5 years</b>	<b>Total contractual cash flows</b>	<b>Carrying amount</b>
<b>2025</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade and other payables	12,776,445	0	0	12,776,445	12,776,445
Lease liabilities	141,022	607,646	153,033	901,701	807,005
	<u>12,917,467</u>	<u>607,646</u>	<u>153,033</u>	<u>13,678,146</u>	<u>13,583,450</u>
<b>2024</b>					
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
	<u>11,741,401</u>	<u>748,660</u>	<u>153,013</u>	<u>12,643,074</u>	<u>12,530,674</u>

**CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

**24. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

The City has not incurred any significant financial loss from events occurring after the end of the reporting period, and has not entered into any material agreements which are anticipated to impact the future capacity of the City to meet its future financial obligations.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**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 2025**

**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.

<b>Objective</b>	<b>Description</b>
<b>Governance</b> 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.
<b>General purpose funding</b> To collect revenue to allow for the provision of services.	Rates (including ex-gratia contributions), general purpose government grants and interest and investment revenue.
<b>Law, order, public safety</b> 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.
<b>Health</b> 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.
<b>Education and welfare</b> 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.
<b>Housing</b> To provide and maintain staff housing.	Provision and maintenance of staff housing.
<b>Community amenities</b> 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.
<b>Recreation and culture</b> 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.
<b>Transport</b> 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.
<b>Economic services</b> 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.
<b>Other property and services</b> 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.

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**26. FUNCTION AND ACTIVITY (Continued)**

**(b) Income and expenses**

	<b>2025 Actual</b>	<b>2024 Actual</b>
	<b>\$</b>	<b>\$</b>
<b>Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions</b>		
Governance	99,679	82,419
General purpose funding	71,568,440	66,122,433
Law, order, public safety	121,176	169,832
Health	193,764	209,091
Education and welfare	110,741	64,152
Housing	1,388,912	1,025,746
Community amenities	28,593,451	19,657,789
Recreation and culture	7,909,799	7,140,907
Transport	33,069,102	28,557,122
Economic services	704,721	697,225
Other property and services	927,224	7,641,791
	<b>144,687,009</b>	<b>131,368,507</b>
<b>Grants, subsidies and contributions and capital grants, subsidies and contributions</b>		
General purpose funding	2,828,101	6,234,150
Law, order, public safety	416,536	486,149
Health	18,087	33,146
Housing	250,000	53,418
Community amenities	161,899	64,200
Recreation and culture	10,851,901	9,465,832
Transport	12,671,063	3,960,007
Economic services	40,000	88,500
Other property and services	2,662,692	1,819,286
	<b>29,900,279</b>	<b>22,204,688</b>
<b>Total income</b>	<b>174,587,288</b>	<b>153,573,195</b>
<b>Expenses</b>		
Governance	(854,450)	(3,691,935)
General purpose funding	(2,606,041)	(2,987,334)
Law, order, public safety	(1,841,042)	(2,093,293)
Health	(938,428)	(1,087,597)
Education and welfare	(211,554)	(243,465)
Housing	(2,874,862)	(3,641,044)
Community amenities	(17,354,314)	(16,046,759)
Recreation and culture	(58,979,517)	(50,676,725)
Transport	(31,146,767)	(35,133,363)
Economic services	(2,366,747)	(2,431,308)
Other property and services	(15,317,695)	(5,576,059)
<b>Total expenses</b>	<b>(134,491,417)</b>	<b>(123,608,882)</b>
<b>Net result for the period</b>	<b>40,095,871</b>	<b>29,964,313</b>
<b>(c) Assets</b>		
Governance	47,455,343	44,707,029
General purpose funding	29,388,655	14,399,754
Law, order, public safety	2,790,700	2,694,663
Health	811,922	880,173
Education and welfare	2,056,067	2,281,456
Housing	47,748,438	41,510,856
Community amenities	39,834,488	36,993,074
Recreation and culture	245,572,201	243,814,680
Transport	487,331,301	468,074,685
Economic services	3,316,994	4,071,699
Other property and services	28,213,121	35,951,252
Unallocated	1,123,175	422,340
<b>Total assets</b>	<b>935,642,405</b>	<b>895,801,661</b>

**CITY OF KARRATHA**  
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**27. RATING INFORMATION**

**(a) General rates**

<b>RATE TYPE</b>				<b>2024/25 Actual rateable value*</b>	<b>2024/25 Actual rate revenue</b>	<b>2024/25 Actual interim rates</b>	<b>2024/25 Actual total revenue</b>	<b>2024/25 Budget rate revenue</b>	<b>2024/25 Budget interim rate</b>	<b>2024/25 Budget total revenue</b>	<b>2023/24 Actual total revenue</b>
<b>Rate description</b>	<b>Basis of valuation</b>	<b>Rate in \$</b>	<b>Number of properties</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Residential	Gross rental valuation	0.076119	7,078	250,123,570	19,039,156	48,727	19,087,883	19,097,754	537,875	19,635,629	18,328,295
Commercial / Industrial	Gross rental valuation	0.105689	782	86,718,277	9,165,168	(73,527)	9,091,641	9,041,422	309,560	9,350,982	8,803,874
Airport / Strategic Industry	Gross rental valuation	0.152238	34	12,923,430	1,967,437	0	1,967,437	1,975,810	94,471	2,070,281	1,928,447
Transient Workforce Accomodation / Workforce	Gross rental valuation	0.305799	26	36,028,718	11,017,546	0	11,017,546	11,017,547	829,187	11,846,734	10,644,974
Pastoral	Unimproved valuation	0.117051	10	1,997,400	233,798	0	233,798	233,798	7,336	241,134	225,892
Mining / Other	Unimproved valuation	0.150100	417	10,367,295	1,556,131	(137,633)	1,418,498	1,468,968	61,750	1,530,718	1,414,772
Strategic Industry	Unimproved valuation	0.208808	43	52,221,932	10,904,357	2,327,165	13,231,522	10,826,054	291,597	11,117,651	10,535,618
<b>Total general rates</b>			8,390	450,380,622	53,883,593	2,164,732	56,048,325	53,661,353	2,131,776	55,793,129	51,881,872
<b>Minimum payment</b>											
<b>Residential</b>	Gross rental valuation	1,724	1,467	21,777,744	2,529,108	0	2,529,108	2,536,004	68,057	2,604,061	2,475,676
<b>Commercial / Industrial</b>	Gross rental valuation	1,750	384	2,839,541	672,000	0	672,000	672,000	18,033	690,033	654,417
<b>Airport / Strategic Industry</b>	Gross rental valuation	1,750	3	25,820	5,250	0	5,250	7,000	187	7,187	5,073
<b>Transient Workforce Accomodation / Workforce</b>	Gross rental valuation	1,750	0	0	0	0	0	0	0	0	0
<b>Pastoral</b>	Unimproved valuation	367	0	0	0	0	0	0	0	0	0
<b>Mining / Other</b>	Unimproved valuation	367	163	191,559	59,821	0	59,821	61,289	1,644	62,933	57,865
<b>Strategic Industry</b>	Unimproved valuation	367	11	11	4,037	0	4,037	4,037	107	4,144	3,905
<b>Total minimum payments</b>			2,028	24,834,675	3,270,216	0	3,270,216	3,280,330	88,028	3,368,358	3,196,936
<b>Total general rates and minimum payments</b>			10,418	475,215,297	57,153,809	2,164,732	59,318,541	56,941,683	2,219,804	59,161,487	55,078,808
<b>Ex-gratia rates</b>											
<b>DBNGP</b>		0.208808	11	343,713	71,770	0	71,770	55,853	0	55,853	57,884
<b>Karratha Solar Power</b>		0.076119	1	0	0	0	0	1,487	0	1,487	2,800
<b>Total amount raised from rates (excluding general rates)</b>			12	343,713	71,770	0	71,770	57,340	0	57,340	60,684
<b>Waivers</b>							(417,168)			0	(245,147)
<b>Concessions</b>							(33,480)			(274,087)	(32,820)
<b>Total rates</b>							58,939,663			58,944,740	54,861,525
<b>(b) Rates related information</b>											
<b>Rates instalment interest</b>							137,932			169,200	132,495
<b>Rates instalment plan charges</b>							60,426			168,378	62,405
<b>Rates overdue interest</b>							455,843			190,800	211,706

\*Rateable Value at time of raising of rate.

**CITY OF KARRATHA**  
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**28. DETERMINATION OF SURPLUS OR DEFICIT**

		2024/25 (30 June 2025 carried forward)	2024/25 Budget (30 June 2025 carried forward)	2023/24 (30 June 2024 carried forward)
	Note	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>				
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> .				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals		(63,719)	(16,610)	(35,447)
Less: Non-cash grants and contributions for assets		(10,831,534)	(580,117)	(1,132,425)
Less: Movement in liabilities associated with restricted cash		(294,775)	0	(572,572)
Less: Fair value adjustments to financial assets at fair value through profit or loss		6,215	0	(9,393)
Add: Loss on disposal of assets		43,434	0	1,875,761
Add: Loss on revaluation of fixed assets	9(a)	0	0	604,555
Add: Depreciation	10(a)	30,280,133	29,635,598	29,337,164
Non-cash movements in non-current assets and liabilities:				
Investment property	12	(828,054)	0	(6,937,242)
Employee benefit provisions		(276,992)	0	72,748
Waste provision		350	0	(759,663)
Adjustments to PPE and infrastructure		0	0	(148,786)
<b>Non-cash amounts excluded from operating activities</b>		<b>18,035,058</b>	<b>29,038,671</b>	<b>22,294,700</b>
<b>(b) Non-cash amounts excluded from investing activities</b>				
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> .				
<b>Adjustments to investing activities</b>				
Infrastructure received for substantially less than fair value	9(a)	10,831,534	0	1,132,425
Transfers to PPE from Inventory	8(a)	0	0	707,949
Realisation on Sale of Assets		509,182	(580,117)	0
<b>Non-cash amounts excluded from investing activities</b>		<b>11,340,716</b>	<b>(580,117)</b>	<b>1,840,374</b>
<b>(c) Surplus or deficit after imposition of general rates</b>				
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.				
<b>Adjustments to net current assets</b>				
Less: Reserve accounts	30	(134,007,588)	(127,231,353)	(115,590,641)
Less: Financial assets at amortised cost - self-supporting loans	4(a)	0	(21,281)	(21,285)
Add: Movement in accruals		304,667	0	426,592
Add: Transfers from Inventories		0	0	707,949
Less: Provision for doubtful debts		(793,817)	0	(1,207,775)
Less: Movement in restricted surplus		0	0	(62,129)
Less: Current loans with clubs/institutions		0	0	(22,434)
Less: Current assets not expected to be received at end of year				
- Land held for resale	6	(901,268)	(1,893,196)	(1,185,247)
- Accrued investment income		(2,270,420)	0	(1,911,555)
- Provision for landfill remediation		0	(6,231,423)	0
- Other Assets		(224,527)	0	(399,914)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	15	0	0	21,285
- Current portion of contract liability		267,714	702,834	609,084
- Current portion of lease liabilities	11(b)	126,888	133,322	133,322
- Employee benefit provisions		4,928,884	4,634,109	4,634,109
Add: Restricted Surplus/(Deficit) June 30 b/fwd		0	0	62,129
<b>Total adjustments to net current assets</b>		<b>(132,569,467)</b>	<b>(129,906,988)</b>	<b>(113,806,510)</b>
<b>Net current assets used in the Statement of financial activity</b>				
Total current assets		159,055,040	140,902,779	138,327,453
Less: Total current liabilities		(17,376,409)	(10,741,934)	(16,373,290)
Less: Total adjustments to net current assets		(132,569,467)	(129,906,988)	(113,806,510)
<b>Surplus or deficit after imposition of general rates</b>		<b>9,109,164</b>	<b>253,857</b>	<b>8,147,653</b>

CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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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 2023	during 2023-24	repayments	June 2024	during 2024-25	repayments	30 June 2025	July 2024	during 2024-25	repayments	30 June 2025
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Self-supporting loans</b>												
Karratha Kats Football and Sporting Club Inc		43,951	0	(22,666)	21,285	0	(21,285)	0	21,285	0	(21,281)	4
<b>Total self-supporting loans</b>		43,951	0	(22,666)	21,285	0	(21,285)	0	21,285	0	(21,281)	4
<b>Total borrowings</b>	15	43,951	0	(22,666)	21,285	0	(21,285)	0	21,285	0	(21,281)	4

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.

Purpose	Loan number	Institution	Interest rate	Date final payment is due	Actual for year ending 30 June 2025	Budget for year ending 30 June 2025	Actual for year ending 30 June 2024
<b>Self-supporting loans finance cost payments</b>							
Karratha Kats Football and Sporting Club Inc	2023-1	WATC*	3.72%	31/03/2025	(364)	(364)	(1,149)
<b>Total self-supporting loans finance cost payments</b>					(364)	(364)	(1,149)
<b>Total finance cost payments</b>					(364)	(364)	(1,149)

\* WA Treasury Corporation

(b) Lease liabilities

Actual									Budget			
Purpose	Note	Principal at 1 July 2023	New leases during 2023-24	Principal repayments during 2023-24	Principal at 30 June 2024	New leases during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025	Principal at 1 July 2024	New leases during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ERP Project Office		4,992	0	(4,992)	0	0	0	0	0	0	0	0
Roebourne Library		27,983	0	(15,118)	12,865	0	(12,865)	0	12,865	0	(12,865)	0
Tambrey Indoor Play Centre		1,041,677	0	(114,215)	927,462	0	(120,457)	807,005	927,462	0	(120,457)	807,005
<b>Total lease liabilities</b>	11(b)	1,074,652	0	(134,325)	940,327	0	(133,322)	807,005	940,327	0	(133,322)	807,005
<b>Lease finance cost payments</b>												
Purpose		Lease number	Institution	Interest rate	Date final payment is due		Actual for year ending 30 June 2025	Budget for year ending 30 June 2025	Actual for year ending 30 June 2024	Lease term		
							\$	\$	\$			
ERP Project Office			Glensaid Pty Ltd	1.20%	31/08/2023		0	0	(8)	3 years		
Roebourne Library			Wawardu Ltd	2.30%	30/04/2025		(135)	(135)	(482)	6 years		
Tambrey Indoor Play Centre			Tambrey Developments Pty Ltd	1.90%	31/10/2030		(16,447)	(16,447)	(18,702)	10 years		
<b>Total finance cost payments</b>							(16,582)	(16,582)	(19,192)			



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**30. RESERVE ACCOUNTS**

**Restricted by legislation/agreement**

	2025 Actual opening balance \$	2025 Actual transfer to \$	2025 Actual transfer (from) \$	2025 Actual closing balance \$
(a) Employee Entitlement Reserve	5,107,893	1,210,845	0	6,318,738
(b) Public Open Space Reserve	141,779	7,150	0	148,929
	5,249,672	1,217,995	0	6,467,667

**Restricted by council**

(c) Aerodrome Reserve	17,853,223	12,557,476	0	30,410,699
(d) Carry Forward Budget Reserve	0	0	0	0
(e) Community Development Reserve	627,943	29,091	(15,821,659)	0
(f) Dampier Drainage Reserve	0	0	0	0
(g) Economic Development Reserve	1,462,739	73,772	(98,261)	1,438,250
(h) Infrastructure Reserve	51,727,967	20,092,019	(15,821,659)	55,998,327
(i) Medical Services Assistance Package Reserve	116,363	5,672	(91,936)	30,099
(j) Mosquito Control Reserve	2,254	104	(2,358)	0
(k) Rio Tinto Partnership Reserve	16,384,603	1,021,180	(753,892)	16,651,891
(l) Restricted Funds Reserve	23,024	0	(23,024)	0
(m) Waste Management Reserve	21,778,278	1,098,375	0	22,876,653
(n) Workers Compensation Reserve	364,575	16,890	(381,465)	0
(o) Woodside Partnership Reserve	0	134,002	0	134,002
(p) Strategic Reserve	0	0	0	0
	110,340,969	35,028,581	(17,829,629)	127,539,921
	115,590,641	36,246,576	(17,829,629)	134,007,588

2025 Budget opening balance \$	2025 Budget transfer to \$	2025 Budget transfer (from) \$	2025 Budget closing balance \$	2024 Actual opening balance \$	2024 Actual transfer to \$	2024 Actual transfer (from) \$	2024 Actual closing balance \$
5,107,893	691,311	0	5,799,204	4,401,981	807,700	(101,788)	5,107,893
141,779	6,246	0	148,025	135,438	6,341	0	141,779
5,249,672	697,557	0	5,947,229	4,537,419	814,041	(101,788)	5,249,672
17,853,223	5,259,483	(5,225,508)	17,887,198	5,909,675	11,943,548	0	17,853,223
0	0	0	0	0	0	0	0
627,943	29,666	0	657,609	599,859	28,084	0	627,943
0	0	0	0	0	0	0	0
1,462,739	69,105	0	1,531,844	1,397,320	65,419	0	1,462,739
51,727,967	19,538,097	(20,358,913)	50,907,151	45,765,379	13,092,932	(7,130,344)	51,727,967
116,363	5,496	(90,000)	31,859	197,749	9,258	(90,644)	116,363
2,254	107	0	2,361	10,556	494	(8,796)	2,254
16,384,603	5,070,180	(4,336,902)	17,117,881	12,089,510	8,840,521	(4,545,428)	16,384,603
23,024	0	0	23,024	79,845	0	(56,821)	23,024
21,778,278	11,531,957	(566,839)	32,743,396	13,512,717	8,265,561	0	21,778,278
364,575	17,226	0	381,801	348,270	16,305	0	364,575
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
110,340,969	41,521,317	(30,578,162)	121,284,124	79,910,880	42,262,122	(11,832,033)	110,340,969
115,590,641	42,218,874	(30,578,162)	127,231,353	84,448,299	43,076,163	(11,933,821)	115,590,641

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

**CITY OF KARRATHA**  
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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:

<b>Name of reserve account</b>	<b>Purpose of the reserve account</b>
<b>Restricted by legislation/agreement</b>	
(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.
<b>Restricted by council</b>	
(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.
(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 programs inclusive of the purchase of replacement equipment as required.
(k) Rio Tinto 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.
(n) Workers Compensation Reserve	The purpose of this reserve is to provide the City with sufficient funds to cover its potential liability regarding 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.
(o) Woodside Partnership Reserve	This reserve is maintained as part of the City of Karratha Community Development Partnership agreement between the City and Woodside. The purpose of the reserve is to preserve funds received under the funding agreement for the purpose outlined within the agreement.
(p) Strategic Reserve	The purpose of this reserve is to quarantine revenue funds that relate to contentious issues, projects or programs. The funds are placed into reserve whilst an outcome or timing is established and released upon resolution of these.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**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:

	<b>1 July 2024</b>	<b>Amounts received</b>	<b>Amounts paid</b>	<b>30 June 2025</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Public Open Space Contributions	611,767	0	0	611,767
Karratha Agistment Centre Compensation Funds	206,780	0	(201,084)	5,696
Other Bonds & Guarantees	22,348	0	0	22,348
VAST	119	77	0	196
Ranger Bonds	4,665	0	0	4,665
Unclaimed Monies	2,983	0	0	2,983
Accounts Payable Unclaimed	3,149	0	0	3,149
	<b>851,811</b>	<b>77</b>	<b>(201,084)</b>	<b>650,804</b>