



AUDIT COMMITTEE MEETING

AGENDA

26 MARCH 2025

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CITY OF GREATER GERALDTON**AUDIT COMMITTEE MEETING
TO BE HELD ON TUESDAY 26 MARCH 2025 AT 3:30pm
IN THE GREENOUGH ROOM – CIVIC CENTRE****A G E N D A****1 DECLARATION OF OPENING****2 ATTENDANCE****Present:**

Mayor Clune
Cr Colliver
Cr Librizzi
Cr Denton

Officers:

R McKim, Chief Executive Officer
P Radalj, Director Corporate Services
N Jane, Chief Financial Officer
T Machukera, Financial Accountant
J Bianchi, Manager Corporate Compliance; Minute Secretary

By Invitation:

Mark Ambrose, Senior Director, Office of the Auditor General
Aamir Sheikh, Assistant Director, Office of the Auditor General
Amit Kabra, Director, RSM Australia Pty Ltd
Jaques Coetzer, Senior Manager, RSM Australia Pty Ltd

Apologies:

Nil

Leave of Absence:

Nil

3 CONFIRMATION OF PREVIOUS MINUTES

Recommendation: That the minutes of the City of Greater Geraldton Audit Committee meeting held on 18 February 2025 as attached be accepted as a true and correct record of proceedings.

4 ITEMS FOR AUDIT COMMITTEE REVIEW

AC159	2023-24 AUDIT EXIT MEETING WITH OAG AND RSM
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AGENDA REFERENCE:	D-25-033576
AUTHOR:	N Jane, Chief Financial Officer
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	21 March 2025
FILE REFERENCE:	To be completed
ATTACHMENTS:	Yes (x 4) 3 x Confidential
	A. Exit Meeting Agenda
	B. Draft Financial Statements 2023-24
	C. Confidential - Audit Planning Memorandum –
	D. Confidential - Draft Management Letter
	E. Confidential – Draft Closing Report

EXECUTIVE SUMMARY:

The purpose of this report is to enable an Audit Exit Meeting to be conducted for the 2023-24 financial audit. It also provides an opportunity for the Office of the Auditor General (OAG) and contract auditor RSM Australia, to discuss the draft Closing Report and Management Letter, and an occasion to raise any concerns associated with the audit process.

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1 of the *Local Government Act 1995* RESOLVES to:

1. RECEIVE the Office of Auditor General overview of the audit findings for the year ended 30 June 2024 (as outlined in the draft Audit Closing Report); and
2. PROVIDE FEEDBACK to the Office of Auditor General on the findings and any other matter related to the audit.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The Auditor General is responsible for the auditing of local governments within Western Australia. (Local Government (Audit) Regulations 1996. The Auditor General engaged RSM to conduct the financial audit for the City on their behalf, initially for the three years to 30 June 2023. The contract has been extended to include the 2023-24 and 2024-25 financial years.

In accordance with section 7.12A(2) of the Local Government Act 1995 and the Local Government Audit Regulation 1996, Council is required to meet with the external auditor at least once per year.

The Audit Committee met with representatives of the Auditor General and contract auditors RSM Australia on 23 April 2024 for the Audit Entrance Meeting. (AC144) and received the Audit Planning memorandum for the year ending 30 June 2024. (Attachment B).

The interim audit was conducted by RSM on behalf of the OAG and included an onsite visit from 20 to 24 May 2024.

Section 6.4(3) of the *Local Government Act 1995* requires a local government to complete its Annual Financial Report and submit the report to its auditors by 30 September in each financial year, or such extended time as the Minister allows. Council approval was sought for the City to make an application for extension of time because under section 2.7(1)(b) and (2)(a) the Council is responsible for the performance of the local government and overseeing the allocation of the local government's finances and resources. Council approval was provided at the Ordinary Meeting of Council on 24 September 2024 and Ministerial approval of an extension to 31 January 2025 was provided on 30 September 2024.

The 2023-24 Financial Report was prepared and submitted to the Office of the Auditor General on 31 January 2025 in line with the extension granted.

The final audit was conducted by RSM on behalf of the OAG. The auditors worked remotely for the majority of the audit and attended the City offices for one week from 10 to 14 February 2025. They performed testing on all areas of the accounts, with a focus on areas they consider to be of high risk.

An Audit Committee meeting will be held in April 2025 to receive the Annual Financial Report for 2023-24 including the Audit Report and Management Letter.

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:

Community:

There are no adverse community impacts.

Economy:

There are no adverse economic impacts.

Environment:

There are no adverse environmental impacts.

Leadership:

Holding an Exit Meeting provides opportunity for the Audit Committee to undertake its functions including to discuss with the auditors their findings.

Disclosure of Interest:

No Officer involved in the preparation of this report has a declarable interest in this matter.

RELEVANT PRECEDENTS:

Each year an audit entrance and exit meeting is held with the Auditor General, the contract auditor and the Audit Committee.

Item AC121 – Exit Interview OAG and RSM (held on 13 December 2022).

Item AC131 – Audit Entrance meeting with OAG and RSM (held on 26 April 2023).

Item AC 132 – Audit Exit meeting with OAG and RSM (held on 12 December 2023).

Item AC144 – Audit Entrance Meeting with OAG and RSM (held on 23 April 2024).

Item CS157 – Request for Extension to Submit Annual Financial Report 2023-24 (Ordinary Meeting of Council 24 September 2024).

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government Act 1995, section 6.4 Financial report:

- (1) *A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.*
- (2) *The financial report is to —*
 - (a) *be prepared and presented in the manner and form prescribed; and*
 - (b) *contain the prescribed information.*
- (3) *By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —*
 - (a) *the accounts of the local government, balanced up to the last day of the preceding financial year; and*
 - (b) *the annual financial report of the local government for the preceding financial year.*

Local Government Act 1995, section 7.12AD Reporting on a financial audit:

- (1) *The auditor must prepare and sign a report on a financial audit.*
- (2) *The auditor must give the report to —*
 - (a) *the mayor, president or chairperson of the local government; and*
 - (b) *the CEO of the local government; and*
 - (c) *the Minister.*

Local Government (Audit) Regulations 1996, section 16:

An audit committee has the following functions —

- (a) *to guide and assist the local government in carrying out —*
 - (i) *its functions under Part 6 of the Act; and*
 - (ii) *its functions relating to other audits and other matters related to financial management;*
- (b) *to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;*

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- (c) *to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —*
 - (i) *report to the council the results of that review; and*
 - (ii) *give a copy of the CEO's report to the council;*
 - (d) *to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —*
 - (i) *regulation 17(1); and*
 - (ii) *the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
 - (e) *to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;*
 - (f) *to oversee the implementation of any action that the local government —*
 - (i) *is required to take by section 7.12A(3); and*
 - (ii) *has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*
 - (iii) *has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and*
 - (iv) *has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
 - (g) *to perform any other function conferred on the audit committee by these regulations or another written law.*

FINANCIAL AND RESOURCE IMPLICATIONS:

Provision is made in the annual budget to undertake the audit function.

INTEGRATED PLANNING LINKS:

Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.
Outcome 4.2	Decision making is ethical, informed and inclusive.
Outcome 4.3	Accountable leadership supported by a skilled and professional workforce.
Outcome 4.4	Healthy financial sustainability that provides capacity to respond to change in economic conditions and community priorities.
Outcome 4.7	Council understands its roles and responsibilities and leads by example.

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

A part of the Audit Committee function is to mitigate risks to Council facilitating the following:

- The credibility and objectivity of internal and external financial reporting.
- Effective management of financial and other risks and the protection of Council assets.
- Compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance.
- The coordination of the internal audit function with the external audit; and the provision of an effective means of communication between the external auditor, internal auditor, the CEO and Council.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternative options were considered.



Exit Meeting Agenda

FINANCIAL ATTEST AUDIT OF CITY OF GREATER GERALDTON FOR THE YEAR ENDED 30 JUNE 2024

ATTENDEES:

City of Greater Geraldton:

<u>Committee Members</u> Mayor J Cline Cr N Colliver Cr M Librizzi Cr J Denton Cr S Cooper <u>Attendees</u> Ross Mckim, Chief Executive Officer Paul Radalj, Director Corporate Services Nita Jane, Chief Financial Officer Temba Machukera, Financial Accountant Margot Adam, Minute Secretary	
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Auditors

Mark Ambrose Senior Director, Office of the Auditor General

Aamir Sheikh Assistant Director, Office of the Auditor General

Amit Kabra Director, RSM Australia Pty Ltd

Jacques Coetzer Senior Manager, RSM Australia Pty Ltd

Meeting Date & Time: Wednesday, 26 March 2025, 3:30 PM

Location: Teleconference

Agenda

1 Introduction

2 Matters arising from the audit

2.1 Findings: Information Systems

- Network Active Directory (AD) Access Management
- SynergySoft – Access Management
- Network and Security Management
- Data Protection
- Password Management
- Disaster Recovery
- IT Governance – Policies and Procedures

3 Actions for next year audit

4 General and closing comments



City of Greater Geraldton

FINANCIAL REPORT

for the year ended 30 June 2024



City of
Greater Geraldton
a vibrant future



Financial Report
for the year ended 30 June 2024

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Content Overview

- i) These financial statements are General Purpose Financial Statements and cover the consolidated operations.
- ii) All figures presented in these financial statements are presented in Australian Currency.
- iii) Council has the power to amend and reissue the financial statements.

Financial Report
for the year ended 30 June 2024

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

Statement by Chief Executive Officer

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

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

Signed on the 30th day of January 2025

Chief Executive Officer

Statement of Comprehensive Income

for the year ended 30 June 2024

	Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
Revenue				
Rates	29,2a	52,011,677	51,901,243	50,145,028
Grants, subsidies and contributions	2a	12,011,577	11,063,340	14,093,880
Fees and charges	2a	27,197,163	26,055,059	24,336,509
Interest revenue	2a	3,838,217	2,725,398	2,692,693
Other revenue	2a	353,732	538,020	1,096,838
		95,412,366	92,283,060	92,364,948
Expenses				
Employee costs	2b	(34,067,582)	(32,953,129)	(29,753,773)
Materials and contracts	2b	(25,514,320)	(26,148,006)	(22,687,093)
Utility charges	2b	(3,120,576)	(2,965,421)	(2,818,619)
Depreciation	9a	(24,656,474)	(25,748,958)	(25,846,062)
Finance costs	2b	(1,168,482)	(681,167)	(1,050,184)
Insurance	2b	(1,011,766)	(1,030,453)	(934,654)
Other expenditure	2b	(4,201,967)	(3,223,192)	(3,098,294)
		(93,741,167)	(92,750,326)	(86,188,679)
Operating result from continuing operations		1,671,199	(467,266)	6,176,269
Capital grants, subsidies and contributions		11,724,630	9,265,070	10,132,484
Profit on asset disposals	9b	156,496	156,262	98,618
Loss on asset disposals	9b	(745)	(497,600)	(557,358)
Fair value adjustments to financial assets at fair value through profit or loss	2c	7,566	–	16,586
		11,887,947	8,923,732	9,690,330
Net result for the period	28b	13,559,146	8,456,466	15,866,599
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	18	(1,671,665)	–	32,076,601
Total other comprehensive income for the period	18	(1,671,665)	–	32,076,601
Total comprehensive income for the period		11,887,481	8,456,466	47,943,200

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

Statement of Financial Position

as at 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	3	17,460,646	18,218,685
Trade and other receivables	5	9,500,804	8,447,633
Other financial assets	4a	38,326,910	38,719,933
Inventories	6	387,556	444,848
Contract assets		3,270,298	2,338,083
Total current assets		68,946,214	68,169,182
Non-current assets			
Trade and other receivables	5	571,530	600,600
Other financial assets	4b	5,975,057	11,561,234
Property, plant and equipment	7	201,644,870	195,777,310
Infrastructure	8	698,668,199	698,771,391
Right of use assets	10a	10,849	53,889
Intangible assets	12	159,460	159,460
Total non-current assets		907,029,965	906,923,884
Total assets		975,976,179	975,093,066
Liabilities			
Current liabilities			
Trade and other payables	13	14,605,122	16,775,986
Other liabilities	14	1,931,553	2,650,060
Lease liabilities	10b	8,285	47,974
Borrowings	15	3,142,208	3,696,812
Employee related provisions	16	6,217,663	5,806,558
Total current liabilities		25,904,831	28,977,390
Non-current liabilities			
Lease liabilities	10b	—	8,285
Borrowings	15	13,321,607	16,463,815
Employee related provisions	16	352,816	314,866
Other provisions	17	8,460,068	13,279,334
Total non-current liabilities		22,134,491	30,066,300
Total liabilities		48,039,322	59,043,690
Net assets		927,936,857	916,049,376
Equity			
Retained surplus		372,267,608	349,956,228
Reserve accounts	32	43,003,594	51,755,828
Revaluation surplus	18	512,665,655	514,337,320
Total equity		927,936,857	916,049,376

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

Statement of Changes in Equity

for the year ended 30 June 2024

	Note	Retained Surplus \$	Reserve Accounts \$	Revaluation Surplus \$	Total Equity \$
Balance as at 1 July 2022		346,569,022	39,276,435	482,260,719	868,106,176
Comprehensive income for the period					
Net result for the period		15,866,599	–	–	15,866,599
Other comprehensive income for the period					
Increase/(decrease) in asset revaluation surplus		–	–	32,076,601	32,076,601
Total comprehensive income for the period		15,866,599	–	32,076,601	47,943,200
Transfers from reserve accounts	32	11,045,294	(11,045,294)	–	–
Transfers to reserve accounts	32	(23,524,687)	23,524,687	–	–
Balance as at 30 June 2023		349,956,228	51,755,828	514,337,320	916,049,376
Balance as at 1 July 2023		349,956,228	51,755,828	514,337,320	916,049,376
Comprehensive income for the period					
Net result for the period		13,559,146	–	–	13,559,146
Other comprehensive income for the period					
Increase/(decrease) in asset revaluation surplus		–	–	(1,671,665)	(1,671,665)
Total comprehensive income for the period		13,559,146	–	(1,671,665)	11,887,481
Transfers from reserve accounts	32	20,599,213	(20,599,213)	–	–
Transfers to reserve accounts	32	(11,846,979)	11,846,979	–	–
Balance as at 30 June 2024		372,267,608	43,003,594	512,665,655	927,936,857

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

Statement of Cash Flows

for the year ended 30 June 2024

		2024 Actual \$	2024 Budget \$	2023 Actual \$
	Note			
Cash flows from operating activities				
Receipts				
Rates		52,259,407	51,728,119	50,092,939
Grants, subsidies and contributions		10,360,855	11,029,695	12,904,839
Fees and charges		25,879,319	26,055,059	22,868,100
Interest revenue		3,838,217	2,725,398	2,692,693
Goods and services tax received		43,151	—	—
Other revenue		356,594	1,251,492	1,096,838
Total receipts		92,737,543	92,789,763	89,655,409
Payments				
Employee costs		(33,618,527)	(32,900,143)	(29,547,344)
Materials and contracts		(32,428,421)	(25,688,119)	(21,618,282)
Utility charges		(3,120,576)	(2,965,421)	(2,818,619)
Finance costs		(1,187,219)	(681,167)	(806,047)
Insurance paid		(1,011,766)	(1,030,453)	(934,654)
Goods and services tax paid		—	—	(49,129)
Other expenditure		(4,201,967)	(3,223,192)	(2,343,358)
Total payments		(75,568,476)	(66,488,495)	(58,117,433)
Net cash provided by operating activities	19b	17,169,067	26,301,268	31,537,976
Cash flows from investing activities				
Payments				
Payments for financial assets at amortised cost		5,863,707	2,815,360	(5,160,233)
Payments for purchase of property, plant & equipment	7a	(10,284,162)	(8,481,150)	(4,658,502)
Payments for construction of infrastructure	8a	(22,043,600)	(28,734,120)	(24,171,595)
Loans to self supporting loan deferred debtors		—	(700,000)	(100,000)
Receipts				
Capital grants, subsidies and contributions		11,724,630	9,265,070	10,132,484
Proceeds from sale of property, plant & equipment		434,046	918,900	638,773
Proceeds from financial assets at amortised cost - self supporting loans		123,059	153,670	121,370
Proceeds on other loans and receivables		—	20,439	—
Net cash (used in) investing activities		(14,182,320)	(24,741,831)	(23,197,703)
Cash flows from financing activities				
Payments				
Repayment of borrowings	31a	(3,696,812)	(3,727,425)	(4,275,475)
Payments for principal portion of lease liabilities	31d	(47,974)	(47,974)	(45,124)
Receipts				
Proceeds from new borrowings	31a	—	700,000	—
Net cash (used in) financing activities		(3,744,786)	(3,075,399)	(4,320,599)
Net increase /(decrease) in cash held		(758,039)	(1,515,962)	4,019,674
Cash at beginning of year		18,218,685	19,537,055	14,199,011
Cash and cash equivalents at the end of the year	19a	17,460,646	18,021,093	18,218,685

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

Statement of Financial Activity

for the year ended 30 June 2024

	Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	29	51,826,470	51,901,243	50,145,028
Rates excluding general rates	29	185,207	—	—
Grants, subsidies and contributions		12,011,577	11,063,340	14,093,880
Fees and charges		27,197,163	26,055,059	24,336,509
Interest revenue		3,838,217	2,725,398	2,692,693
Other revenue		353,732	538,020	1,096,838
Profit on asset disposals		156,496	202,612	98,618
Fair value adjustments to financial assets at fair value through profit or loss	4b	7,566	—	16,586
		95,576,428	92,485,672	92,480,152
Expenditure from operating activities				
Employee costs		(34,067,582)	(32,953,129)	(29,753,773)
Materials and contracts		(25,514,320)	(26,148,006)	(22,687,093)
Utility charges		(3,120,576)	(2,965,421)	(2,818,619)
Depreciation		(24,656,474)	(25,748,958)	(25,846,062)
Finance costs		(1,168,482)	(681,167)	(1,050,184)
Insurance		(1,011,766)	(1,030,453)	(934,654)
Other expenditure		(4,201,967)	(3,223,192)	(3,098,294)
Loss on asset disposals		(745)	(543,950)	(557,358)
		(93,741,912)	(93,294,276)	(86,746,037)
Adjustment for cash budget requirements:				
Non-cash amounts excluded from operating activities	30	25,578,289	26,146,455	26,553,584
Amount attributable to operating activities		27,412,805	25,337,851	32,287,699
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		11,724,630	9,265,070	10,132,484
Proceeds from disposal of assets		434,046	918,900	638,773
Proceeds from financial assets at amortised cost - self supporting loans	31a	123,059	153,670	121,370
Proceeds from council loans		20,438	20,439	15,856
		12,302,173	10,358,079	10,908,483
Outflows from investing activities				
Purchase of property, plant and equipment	7a	(10,925,230)	(8,481,150)	(4,658,502)
Purchase and construction of infrastructure	8a	(27,239,910)	(28,734,120)	(24,171,595)
Advances to Community Groups		—	(700,000)	(100,000)
		(38,165,140)	(37,915,270)	(28,930,097)
Amount attributable to investing activities		(25,862,967)	(27,557,191)	(18,021,614)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	31a	—	700,000	—
Transfers from reserve accounts	32	20,599,213	2,221,367	11,045,294
		20,599,213	2,921,367	11,045,294
Outflows from financing activities				
Repayment of borrowings	31a	(3,696,812)	(3,727,425)	(4,275,475)
Payments for principal portion of lease liabilities	31d	(47,974)	(47,974)	(45,124)
Transfers to reserve accounts	32	(11,846,979)	(184,000)	(23,524,687)
		(15,591,765)	(3,959,399)	(27,845,286)
Amount attributable to financing activities		5,007,448	(1,038,032)	(16,799,992)

Statement of Financial Activity
for the year ended 30 June 2024

	Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	30	1,487,252	4,185,321	4,021,159
Amount attributable to operating activities		27,412,805	25,337,851	32,287,699
Amount attributable to investing activities		(25,862,967)	(27,557,191)	(18,021,614)
Amount attributable to financing activities		5,007,448	(1,038,032)	(16,799,992)
Surplus/(deficit) after imposition of general rates	30	8,044,538	927,949	1,487,252

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

Notes to the Financial Statements

for the year ended 30 June 2024

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Notes to the Financial Statements

for the year ended 30 June 2024

Note 1. Basis of preparation

The financial report of the City of Greater Geraldton, 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 except for disclosure requirements of:

- AASB 7 Financial Instruments Disclosures
- AASB 16 Leases paragraph 58
- AASB 101 Presentation of Financial Statements paragraph 61
- AASB 107 Statement of Cash Flows paragraphs 43 and 45
- AASB 116 Property, Plant and Equipment paragraph 79
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets paragraph 85
- AASB 140 Investment Property paragraph 75(f)
- AASB 1052 paragraph 11
- AASB 1054 Australian Additional Disclosures paragraph 16

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

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

Initial application of accounting standards

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

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

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

New accounting standards for application in future years

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

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

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

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

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

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

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

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 33 of the financial report.

Critical accounting estimates and judgements

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements

Notes to the Financial Statements

for the year ended 30 June 2024

Note 1. Basis of preparation (continued)

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 7
- Infrastructure - note 8
- Expected credit losses on financial assets - note 5
- Impairment losses of non-financial assets - note 7 and 8
- Investment property - note 11
- Estimated useful life of intangible assets - note 12
- Measurement of employee benefits - note 16
- Measurement of provisions - note 17

Fair value hierarchy information can be found in note 27.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 2. Revenue and expenses

(a) Revenue

Contracts with customers

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

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

Notes to the Financial Statements

for the year ended 30 June 2024

Note 2. Revenue and expenses (continued)

(a) Revenue (continued)

Revenue Recognition

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

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
For the year ended 30 June 2024					
Rates	—	—	52,011,677	—	52,011,677
Grants, subsidies and contributions	10,450,480	—	—	1,561,096	12,011,576
Fees and charges	26,937,507	—	259,656	—	27,197,163
Interest revenue	—	—	—	3,838,216	3,838,216
Other revenue	—	—	—	353,731	353,731
Capital grants, subsidies and contributions	—	11,724,630	—	—	11,724,630
Total	37,387,987	11,724,630	52,271,333	5,753,043	107,136,993

For the year ended 30 June 2023

Rates	—	—	50,145,028	—	50,145,028
Grants, subsidies and contributions	14,093,880	—	—	—	14,093,880
Fees and charges	23,579,017	—	757,492	—	24,336,509
Interest revenue	—	—	—	2,692,693	2,692,693
Other revenue	—	—	—	1,096,838	1,096,838
Capital grants, subsidies and contributions	—	9,956,734	—	175,750	10,132,484
Total	37,672,897	9,956,734	50,902,520	3,965,281	102,497,432

	2024 Actual \$	2023 Actual \$
--	-------------------------------	-------------------------------

Interest revenue

Interest on reserve account funds	2,378,098	1,127,046
Investments - other funds	997,343	1,137,621
Rate overdue interest	318,054	311,399
Rate instalment interest	104,654	100,993
Pensioner Deferred Interest	21,628	13,129
Financial assets at amortised cost - self supporting loans	16,160	—
Other interest revenue	2,280	2,505
Total interest earnings	3,838,217	2,692,693

Notes to the Financial Statements

for the year ended 30 June 2024

Note 2. Revenue and expenses (continued)

(a) Revenue (continued)

	2024 Actual \$	2023 Actual \$
--	----------------------	----------------------

Other revenue

Other revenue	353,732	1,096,838
	<u>353,732</u>	<u>1,096,838</u>

(b) Expenses

Materials and contracts

Auditors remuneration

- Audit of the annual financial report	102,277	81,000
- Internal Audit	17,300	14,050
Total Auditors remuneration	<u>119,577</u>	<u>95,050</u>

Other

Materials and contracts	25,394,743	22,592,043
Total	<u>25,514,320</u>	<u>22,687,093</u>

Employee costs

	2024 Actual \$	2023 Actual \$
--	----------------------	----------------------

Wages and salaries	22,840,324	20,143,774
Employee leave entitlements	5,987,837	5,265,487
Superannuation	4,335,035	3,604,627
Workers' compensation insurance	414,177	322,668
Protective clothing and uniforms	93,232	63,402
Recruitment costs	102,759	125,875
Training costs (other than salaries and wages)	206,709	140,750
Other employee costs	87,509	87,190
Total employee costs	<u>34,067,582</u>	<u>29,753,773</u>

	2024 Actual \$	2023 Actual \$
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Utility charges

Other	3,120,576	2,818,619
Total	<u>3,120,576</u>	<u>2,818,619</u>

Notes to the Financial Statements

for the year ended 30 June 2024

Note 2. Revenue and expenses (continued)

(b) Expenses (continued)

	Note	2024 Actual \$	2023 Actual \$
Finance costs			
Borrowings	31a	635,188	778,064
Leases	31d	2,120	4,970
Other - Meru Rehabilitation Provision - unwinding of discount	17ii	531,174	267,150
Total		1,168,482	1,050,184

Insurance

Insurance and licences	1,011,766	934,654
Total	1,011,766	934,654

Other expenditure

Other	4,201,967	3,098,294
Total Other expenditure	4,201,967	3,098,294

(c) Other "Non Operating" result items

Fair value adjustments to financial assets at fair value through profit or loss

The revenue relates to the increase in the fair value of the Council's investments.	7,566	16,586
	7,566	16,586

Notes to the Financial Statements

for the year ended 30 June 2024

Note 3. Cash and cash equivalents

	Note	2024 \$	2023 \$
Cash - Unrestricted		14,224,164	9,886,853
Cash - Restricted		3,236,482	8,331,832
Total cash and cash equivalents	19a	17,460,646	18,218,685

MATERIAL ACCOUNTING POLICIES**Cash and cash equivalents**

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

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interests. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Restricted financial assets

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

Note 4. Other financial assets

	Note	2024 \$	2023 \$
(a) Current assets			
Financial assets at amortised cost		38,316,773	38,707,974
Financial assets previously classified as loans and receivables		10,137	11,959
Total current financial assets		38,326,910	38,719,933
Financial assets at amortised cost			
Term deposits		38,183,166	38,576,435
Self supporting loans		124,784	123,059
Other long term financial assets		8,823	8,480
		38,316,773	38,707,974
Financial assets previously classified as loans and receivables			
Mortgage backed securities		10,137	11,959
		10,137	11,959
Held as			
- Unrestricted other financial assets at amortised cost		346,070	2,664,106
- Restricted other financial assets at amortised cost	19a	37,980,840	36,055,827
Total		38,326,910	38,719,933

Notes to the Financial Statements

for the year ended 30 June 2024

Note 4. Other financial assets (continued)

	Note	2024 \$	2023 \$
(b) Non current assets			
Financial assets at fair value through profit or loss		374,269	366,703
Financial assets at amortised cost		5,522,206	11,184,393
Financial assets previously classified as loans and receivables		78,582	10,138
Total non-current financial assets		5,975,057	11,561,234
Financial assets at fair value through profit or loss			
Units in Local Government House Trust		374,269	366,703
		374,269	366,703
Financial assets at amortised cost			
Self supporting loans receivable		522,206	646,989
Other long term financial assets		5,000,000	10,537,404
		5,522,206	11,184,393
Financial assets previously classified as loans and receivables			
Mortgage backed securities		78,582	10,138
		78,582	10,138
Held as			
- Unrestricted other financial assets at amortised cost		975,057	1,111,234
- Restricted other financial assets at amortised cost	19a	5,000,000	10,450,000
Total		5,975,057	11,561,234

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 31(a) as self supporting loans. Fair value of financial assets at fair value through profit and loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

MATERIAL ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at a mortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierachy (see Note 27 (i)) due to the observable market rates.

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

Financial assets at fair value through profit or loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 25.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 5. Trade and other receivables

	2024 \$	2023 \$
Current		
Rates and statutory receivables	4,001,156	4,219,816
Sundry Debtors	1,457,896	1,388,422
GST receivable	399,182	442,333
Accrued Income	2,334,551	1,247,773
Prepayments	1,319,957	1,291,482
Less: provision for expected credit loss	(11,938)	(142,193)
	9,500,804	8,447,633
Non-current		
Pensioner's rates and ESL deferred	571,530	600,600
	571,530	600,600

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

Trade receivables are recognised at original invoice amount less any provision for expected credit loss amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

MATERIAL ACCOUNTING POLICIES**Rates and statutory receivables**

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

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

Trade and other receivables

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

Other Receivables

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

Measurement

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

Classification and subsequent measurement

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

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 25.

Notes to the Financial Statements
for the year ended 30 June 2024

Note 6. Inventories

	2024	2023
	\$	\$
Current		
Fuel and materials	327,996	366,315
Resaleable Merchandise	59,560	78,533
Total current inventories	387,556	444,848

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.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 7. Property, plant and equipment

(a) Movements in balances

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

	Note	Assets not subject to operating lease		Artwork \$	Property - Work in progress \$	Plant and equipment		Total property, plant and equipment \$
		Land \$	Buildings \$			Furniture and equipment \$	Plant and equipment \$	
Measurement basis		Fair Value	Fair Value	Fair Value	Cost	Cost	Cost	
Balance at 1 July 2022		50,196,000	102,467,120	758,466	620,208	1,881,499	9,046,403	164,969,696
Additions		512,715	1,219,425	77,709	456,379	464,407	1,927,867	4,658,502
Disposals		(393,366)	(668,753)	—	—	—	(576,007)	(1,638,126)
Revaluation increments transferred to revaluation surplus	18	9,067,772	14,476,249	—	—	—	—	23,544,021
Depreciation	9a	—	(2,169,125)	—	—	(542,893)	(1,031,537)	(3,743,555)
Reclassifications between Asset Classes		7,446,159	520,355	—	(520,355)	—	—	7,446,159
Depreciation on Disposal		—	147,995	—	—	—	392,618	540,613
Balance at 30 June 2023		66,829,280	115,993,266	836,175	556,232	1,803,013	9,759,344	195,777,310
Comprises:								
Gross balance amount at 30 June 2023		66,829,280	115,993,266	836,175	556,232	3,416,282	18,865,975	206,497,210
Accumulated depreciation at 30 June 2023		—	—	—	—	(1,613,269)	(9,106,631)	(10,719,900)
Balance at 30 June 2023		66,829,280	115,993,266	836,175	556,232	1,803,013	9,759,344	195,777,310
Measurement basis		Fair Value	Fair Value	Fair Value	Cost	Cost	Cost	
Balance at 1 July 2023		66,829,280	115,993,266	836,175	556,232	1,803,013	9,759,344	195,777,310
Additions		—	6,715,350	—	1,108,527	799,817	2,301,536	10,925,230
Disposals		—	—	—	—	(1,382)	(723,670)	(725,052)
Revaluation increments transferred to revaluation surplus	18	—	—	—	—	—	—	—
Revaluation decrements transferred to revaluation surplus	18	—	(91,763)	(16,870)	—	—	—	(108,633)
Depreciation	9a	—	(2,433,173)	—	—	(649,302)	(947,199)	(4,029,674)
Reclassifications between Asset Classes		—	—	(231,055)	—	648,812	(643,812)	(226,055)
Asset Write offs		—	(415,013)	—	—	—	—	(415,013)
Depreciation on Disposal		—	—	—	—	—	446,757	446,757
Balance at 30 June 2024		66,829,280	119,768,667	588,250	1,664,759	2,600,958	10,192,956	201,644,870
Comprises:								
Gross balance amount at 30 June 2024		66,829,280	122,200,853	588,250	1,664,759	5,187,158	18,823,396	215,293,696
Accumulated depreciation at 30 June 2024		—	(2,432,186)	—	—	(2,586,200)	(8,630,440)	(13,648,826)
Balance at 30 June 2024		66,829,280	119,768,667	588,250	1,664,759	2,600,958	10,192,956	201,644,870

Notes to the Financial Statements

for the year ended 30 June 2024

Note 7. Property, plant and equipment (continued)

(b) Carrying Amount Measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair Value - as determined at the last valuation date					
Land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology.	Independent registered valuer	June 2023	Price per hectare / market borrowing rate.
Buildings - specialised	3	Cost approach using current replacement cost.	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs.
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology.	Independent registered valuer	June 2023	Price per hectare / market borrowing rate.

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

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

Asset class	Valuation technique
(ii) Cost	
Furniture and equipment	Cost
Plant and equipment	Cost
Artwork	Fair value

Notes to the Financial Statements

for the year ended 30 June 2024

Note 8. Infrastructure

(a) Movements in balances

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

	Note	Infrastructure roads \$	Infrastructure Lighting \$	Recreation \$	Car Parks \$	Meru Landfill \$	Airport \$	Effluent Scheme \$	Work in progress \$	Total infrastructure \$
Balance as at 1 July 2022		576,449,318	—	56,582,329	10,157,530	16,966,959	24,108,191	529,541	—	684,793,868
Additions		14,901,982	321,885	6,845,952	714,451	1,301,052	1,089,609	—	—	25,174,931
Revaluation increments transferred to revaluation surplus	18	—	3,790,470	10,396,096	8,146,127	1,242,422	—	87,289	—	23,662,404
Revaluation decrements transferred to revaluation surplus	18	(16,133,160)	—	—	—	—	—	—	—	(16,133,160)
Depreciation	9a	(17,135,291)	(1,855)	(2,179,244)	(503,544)	(1,085,835)	(1,134,868)	(18,830)	—	(22,059,467)
Meru capping provision		—	—	—	—	3,332,815	—	—	—	3,332,815
Other Movements		—	—	(7,709,983)	—	(1,158,600)	—	—	8,868,583	—
Balance at 30 June 2023		558,082,849	4,110,500	63,935,150	18,514,564	20,598,813	24,062,932	598,000	8,868,583	698,771,391
Comprises:										
Gross balance amount at 30 June 2023		558,082,849	4,110,500	63,935,150	18,514,564	21,871,888	27,434,699	598,000	8,868,583	703,416,233
Accumulated depreciation at 30 June 2023		—	—	—	—	(1,273,075)	(3,371,767)	—	—	(4,644,842)
Balance at 30 June 2023		558,082,849	4,110,500	63,935,150	18,514,564	20,598,813	24,062,932	598,000	8,868,583	698,771,391
Balance as at 1 July 2023		558,082,849	4,110,500	63,935,150	18,514,564	20,598,813	24,062,932	598,000	8,868,583	698,771,391
Additions		13,697,276	601,721	14,354,830	172,141	4,772,953	553,537	—	(6,912,548)	27,239,910
Revaluation increments transferred to revaluation surplus	18	—	—	668,200	—	—	—	—	2,909,597	3,577,797
Revaluation decrements transferred to revaluation surplus	18	(83,431)	—	(4,587,700)	(469,698)	—	—	—	—	(5,140,829)
Asset Write Offs		—	(10,745)	(14,123)	—	(47,096)	—	—	—	(71,964)
Depreciation	9a	(13,395,875)	(358,454)	(2,494,233)	(851,622)	(2,210,992)	(1,207,090)	(65,455)	—	(20,583,721)
Meru capping provision		—	—	—	—	(5,350,440)	—	—	—	(5,350,440)
Reclassifications between Asset Classes		—	106,600	119,455	—	—	—	—	—	226,055
Other Movements		—	—	—	—	—	—	—	—	—
Balance at 30 June 2024		558,300,819	4,449,622	71,981,579	17,365,385	17,763,238	23,409,379	532,545	4,865,632	698,668,199
Comprises:										
Gross balance amount at 30 June 2024		571,696,694	4,807,322	74,475,635	18,217,008	21,246,301	27,988,236	598,000	4,865,632	723,894,828
Accumulated depreciation at 30 June 2024		(13,395,875)	(357,700)	(2,494,057)	(851,622)	(3,483,063)	(4,578,857)	(65,455)	—	(25,226,629)
Balance at 30 June 2024		558,300,819	4,449,622	71,981,578	17,365,386	17,763,238	23,409,379	532,545	4,865,632	698,668,199

Notes to the Financial Statements

for the year ended 30 June 2024

Note 8. Infrastructure (continued)

(b) Carrying Amount Measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair Value - as determined at the last valuation date					
Roads	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Recreation	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Car Parks	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Meru Landfill	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Airport	3	Cost approach using current replacement cost	Independent registered valuer	June 2020	Construction costs and current condition, residual values and remaining useful life assessments inputs
Effluent Scheme	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Lighting	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs

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

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

Notes to the Financial Statements

for the year ended 30 June 2024

Note 9. Fixed assets

	Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
(a) Depreciation				
Buildings	7a	2,433,173	2,162,268	2,169,125
Furniture & Equipment	7a	649,302	501,924	542,893
Plant & Equipment	7a	947,199	1,145,102	1,031,537
Infrastructure - roads	8a	13,395,875	17,032,023	17,135,291
Infrastructure - Lighting	8a	358,454	–	1,855
Infrastructure - Recreation	9a	2,494,272	2,134,381	2,179,244
Infrastructure - Car Parks	9a	851,622	498,368	503,544
Infrastructure - Meru Landfill	9a	2,210,992	1,069,535	1,085,835
Infrastructure - Airport	9a	1,207,090	1,143,622	1,134,868
Infrastructure - Effluent Scheme	9a	65,455	18,695	18,830
Right of Use Assets - Furniture & Equipment	11a	43,040	43,040	43,040
Total depreciation		24,656,474	25,748,958	25,846,062

Depreciation of Non-Current Assets

Depreciation is recognised on a straight-line basis, using rates, which are reviewed each reporting period. Major depreciation periods are:

Asset Class	Years
Buildings	8 to 100 years
Furniture and equipment	3 to 10 years
Plant and equipment	5 to 20 years
Infrastructure - Roads	20 to 80 years
Infrastructure - Recreation (Parks)	10 to 80 years
Infrastructure - Car Parks	20 to 100 years
Infrastructure - Meru Landfill	8 to 75 years
Infrastructure - Airport	10 to 100 years
Infrastructure - Effluent Scheme	10 to 40 years
Infrastructure - Footpaths	20 to 40 years
Infrastructure - Drainage	15 to 80 years
Right of use - Furniture and Equipment	Based on the remaining lease

Notes to the Financial Statements

for the year ended 30 June 2024

Note 9. Fixed assets (continued)

(b) Disposal of assets

The following assets were disposed of during the year.

		Net book value			Sales price			Profit		(loss)			
		2024	2024	2023	2024	2024	2023	2024	2024	2023	2024	2024	2023
		Actual	Budget	Actual	Actual	Budget	Actual	Actual	Budget	Actual	Actual	Budget	Actual
Note		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By asset class													
Property, plant and equipment	7a												
Land		—	—	393,366	—	—	360,000	—	—	—	—	—	(33,366)
Buildings		—	497,600	668,753	—	—	—	—	—	—	—	(497,600)	(520,758)
Plant and equipment		276,913	762,638	576,007	430,864	918,900	278,773	154,678	156,262	98,618	(727)	—	(3,234)
Furniture and equipment		1,382	—	—	3,182	—	—	1,818	—	—	(18)	—	—
Total by asset class		278,295	1,260,238	1,638,126	434,046	918,900	638,773	156,496	156,262	98,618	(745)	(497,600)	(557,358)

Notes to the Financial Statements

for the year ended 30 June 2024

Note 9. Fixed assets (continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

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

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

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

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

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

Measurement after recognition

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

Reportable Value

In accordance with *Local Government (Financial Management) Regulation 17A(2)*, the carrying amount of non-financial assets that are land and buildings classified as property, plant and equipment, 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 fixed assets including buildings but excluding freehold land and vested land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Depreciation on revaluation

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

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

Impairment

In accordance with *Local Government (Financial Management) Regulations 17A(4C)*, the City is not required to comply with *AASB136 Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local

Notes to the Financial Statements

for the year ended 30 June 2024

Note 9. Fixed assets (continued)

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.

Note 10. Leases

Council as a lessee

Council has a lease in place over Printers. Council has applied the exception to lease accounting for leases of low-value assets and short-term leases.

Where Council assesses that an agreement contains a lease, a right of use asset and a lease liability is recognised on inception of the lease. Council does not separate lease and non-lease components for any class of assets and has accounted for lease payments as a single component.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases at significantly below market value / concessionary leases

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

Terms and conditions of leases

Printers

The lease relates to printers located all over the City premises. The lease commenced on the 24th of October 2019 and the lease is for 5 years. The lease has fixed monthly repayments of \$4,174.44. At the end of the lease the City can either terminate the lease, continue with the lease or purchase the printers outright.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 10. Leases (continued)

(a) Right of use assets

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

	Note	Printers \$	Total \$
2023			
Balance at 1 July 2022		96,929	96,929
Depreciation	9a	(43,040)	(43,040)
Balance at 30 June 2023		<u>53,889</u>	<u>53,889</u>
2024			
Balance at 1 July 2023		53,889	53,889
Depreciation	9a	(43,040)	(43,040)
Balance at 30 June 2024		<u>10,849</u>	<u>10,849</u>

Amounts included in the statement of comprehensive income related to leases

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

	Note	2024 Actual \$	2023 Actual \$
Expenses			
Depreciation on right-of-use assets	9a	43,040	43,040
Finance charge on lease liabilities	31d	2,119	4,969
Total amount recognised in the statement of comprehensive income		<u>45,159</u>	<u>48,009</u>
Total cash outflow from leases		2,119	4,969
	Note	2024 Actual \$	2023 Actual \$

(b) Lease liabilities

Current		8,285	47,974
Non-current		—	8,285
Total lease liabilities	31d	<u>8,285</u>	<u>56,259</u>

Disclosure

The City has a lease relating to printing equipment. The term for the lease is 5 years. The lease has fixed monthly lease payments. The measurement of lease liabilities does not include variable lease payments and any future cash outflows associated with leases not yet commenced to which the City is committed.

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.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 10. Leases (continued)

MATERIAL ACCOUNTING POLICIES

Leases

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

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

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

Details of individual borrowings required by regulations are provided at Note 31

Right-of-use assets - valuation

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

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

Right-of-use assets - depreciation

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

Notes to the Financial Statements

for the year ended 30 June 2024

Note 11. Investment property

Council has not classified any Land or Buildings as "Investment Properties".

Note 12. Intangible assets

Laneway Easement

	2024 Actual \$	2023 Actual \$
Non-current		
Gross book value	159,460	159,460
Total Laneway Easement – net book value	159,460	159,460
Movements in balances of intangible asset during the financial year are shown as follows:		
Balance at 1 July	159,460	159,460
Amortisation	–	–
Balance at 30 June	159,460	159,460
TOTAL INTANGIBLE ASSETS	159,460	159,460

MATERIAL ACCOUNTING POLICIES

Laneway Easement

The Laneway Easement is not amortised as it is considered to have an indefinite useful life.

Note 13. Trade and other payables

	2024 \$	2023 \$
Current		
Sundry creditors	6,770,478	11,121,468
Accrued interest on debentures	71,909	90,646
Accrued Expenses	3,661,258	1,274,988
Accrued Salaries and Wages	887,749	1,207,053
Unexpended Non-Operating Grants (WATC)	3,213,728	3,081,831
Total current trade and other payables	14,605,122	16,775,986

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.

Notes to the Financial Statements
for the year ended 30 June 2024

Note 13. Trade and other payables (continued)

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.

Notes to the Financial Statements
for the year ended 30 June 2024

Note 14. Other liabilities

	2024	2023
	\$	\$
Other liabilities		
Current		
Deposits received in advance of services provided	1,931,553	2,650,060
Total other liabilities	1,931,553	2,650,060

MATERIAL ACCOUNTING POLICIES

Contract Liabilities

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

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

Capital grant/contribution liabilities

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

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 27(i)) due to the unobservable inputs, including own credit risk.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 15. Borrowings

	Note	2024			2023		
		Current \$	Non-current \$	Total \$	Current \$	Non-current \$	Total \$
Unsecured							
Loans	31a	3,142,208	13,321,607	16,463,815	3,696,812	16,463,815	20,160,627
Total unsecured borrowings	31a	3,142,208	13,321,607	16,463,815	3,696,812	16,463,815	20,160,627

Unsecured liabilities

All the City's borrowings are from the Western Australian Treasury Corporation (WATC) and are unsecured.

MATERIAL ACCOUNTING POLICIES**Borrowing costs**

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

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

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 27) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 25.

Details of individual borrowings required by regulations are provided at Note 31(a).

Notes to the Financial Statements

for the year ended 30 June 2024

Note 16. Employee related provisions

	2024 \$	2023 \$
Current provisions		
Employee benefit provisions		
Annual leave	2,441,905	2,362,130
Long service leave	3,454,949	3,098,121
Sick Leave	308,385	307,899
Accrued RDO	12,424	38,408
Total current employee related provisions	6,217,663	5,806,558
Non-current provisions		
Long service leave	352,816	314,866
Total non-current employee related provisions	352,816	314,866
Total employee related provisions	6,570,479	6,121,424

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.

Note 17. Other Provisions

	Infrastructure Meru - Rehabilitation	Total
Opening balance at 1 July 2023		
Non-current provisions	13,279,334	13,279,334
	13,279,334	13,279,334
Movement	(4,819,266)	(4,819,266)
Balance at 30 June 2024	8,460,068	8,460,068
Comprises		
Non-current	8,460,068	8,460,068
	8,460,068	8,460,068

Other 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.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 18. Revaluation surplus

	2024	2024	2024	Total	2024	2023	2023	2023	Total	2023
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Movement on Revaluation	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Movement on Revaluation	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	31,438,951	—	—	—	31,438,951	22,371,179	9,067,772	—	9,067,772	31,438,951
Buildings - non-specialised	62,663,505	—	(91,763)	(91,763)	62,571,742	48,187,256	14,476,249	—	14,476,249	62,663,505
Plant and equipment	1,601,370	—	—	—	1,601,370	1,601,370	—	—	—	1,601,370
Artwork	100,239	—	(16,870)	(16,870)	83,369	100,239	—	—	—	100,239
Roads	381,211,339	1,928,492	(83,431)	1,845,061	383,056,400	397,344,499	—	(16,133,160)	(16,133,160)	381,211,339
Lighting	3,790,470	—	—	—	3,790,470	—	3,790,470	—	4,793,806	4,793,806
Recreation	10,396,096	1,649,305	(4,587,700)	(2,938,395)	7,457,701	—	10,396,096	—	10,396,096	10,396,096
Car Parks	19,045,939	—	(469,698)	(469,698)	18,576,241	10,899,812	8,146,127	—	8,146,127	19,045,939
Meru Landfill	2,700,676	—	—	—	2,700,676	1,458,254	1,242,422	—	1,242,422	2,700,676
Airport	1,003,336	—	—	—	1,003,336	—	—	—	—	—
Effluent Scheme	385,399	—	—	—	385,399	298,110	87,289	—	87,289	385,399
	514,337,320	3,577,797	(5,249,462)	(1,671,665)	512,665,655	482,260,719	47,206,425	(16,133,160)	32,076,601	514,337,320

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

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

Notes to the Financial Statements

for the year ended 30 June 2024

Note 19. Notes to the statement of cash flows

(a) Reconciliation of cash

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

	Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
Cash and cash equivalents	3	<u>17,460,646</u>	<u>18,021,093</u>	<u>18,218,685</u>

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	3,236,482	4,694,064	8,331,832
- Financial assets at amortised cost	4	42,980,840	33,158,176	46,505,827
		<u>46,217,322</u>	<u>37,852,240</u>	<u>54,837,659</u>

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

Restricted reserve accounts	32	43,003,594	34,771,040	51,755,828
Unspent grants		3,213,728	3,081,200	3,081,831
Total restricted financial assets		<u>46,217,322</u>	<u>37,852,240</u>	<u>54,837,659</u>

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

Net result		13,559,146	8,456,466	15,866,599
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Non-cash items:

Depreciation/amortisation		24,656,474	25,748,958	25,846,062
Adjustments to fair value of financial assets at fair value through profit or loss		(7,566)	–	(16,586)
(Profit)/loss on sale of asset		(155,751)	341,338	458,740
Other Non Cash Movements		–	–	–

Changes in assets and liabilities:

(Increase)/decrease in trade and other receivables		(1,024,101)	489,378	(1,569,627)
(Increase)/decrease in inventories		57,292	(27,041)	(37,668)
(Increase)/decrease in contract assets		(932,215)	(30,000)	(2,030,785)
Increase/(decrease) in trade and other payables		(2,152,127)	592,644	1,861,415
Increase/(decrease) in accrued interest payable		(18,737)	–	(23,014)
Increase/(decrease) in employee related provisions		449,055	(1,760)	206,429
Increase/(decrease) in other provisions		(4,819,266)	–	267,151
Increase/(decrease) in other liabilities		(718,507)	(3,645)	841,744
Capital grants, subsidies and contributions		(11,724,630)	(9,265,070)	(10,132,484)
Net cash provided by/(used in) operating activities		<u>17,169,067</u>	<u>26,301,268</u>	<u>31,537,976</u>

Notes to the Financial Statements

for the year ended 30 June 2024

Note 19. Notes to the statement of cash flows (continued)

	2024 Actual \$	2023 Actual \$
(c) Undrawn borrowing facilities credit standby arrangements		
Credit card limit	200,000	115,000
Credit card balance at balance date	(8,218)	—
Total amount of credit unused	191,782	115,000

Security

The credit card facility with Commonwealth Bank of Australia is an unsecured facility.

		2024 \$	2023 \$
	Note		
Loan facilities			
Loan facilities - current	15	3,142,208	3,696,812
Loan facilities - non-current	15	13,321,607	16,463,814
Total facilities in use at balance date		16,463,815	20,160,626

Note 20. Contingent liabilities

1) The City of Greater Geraldton has entered into an agreement with the Public Transport Authority to indemnify Brookfield Rail for 40% of the cost of modification to the Rail Bridge No. 5371 (Abraham Street) contingent on changes to container heights (double stacking). The term of the indemnity expires on the date of expiry of the current lease Brookfield Rail holds over the Rail Corridor (2049).

The likelihood of such an event to occur is considered to be remote.

Note 21. Capital commitments

	2024 \$	2023 \$
(a) Capital expenditure commitments		
Contracted for:		
- capital expenditure projects	14,255,282	12,388,014
Total capital expenditure commitments	14,255,282	12,388,014
Payable:		
- not later than one year	14,255,282	12,388,014
Total capital expenditure commitments	14,255,282	12,388,014

The capital expenditure projects outstanding at the end of the current reporting period represent the construction of various City infrastructure assets.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 22. Related party transactions

	2024 Actual \$	2024 Budget \$	2023 Actual \$
(a) Council Member Remuneration			
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
Conference & Training Expenses	25,129	28,450	14,158
Mayor's annual allowance	93,380	93,380	85,800
Deputy Mayor's annual allowance	23,345	23,345	21,450
Meeting attendance fees	389,149	390,022	405,873
Travel and accommodation expenses	8,379	17,450	6,484
Other council member expenses	2,071	—	—
Total	541,453	552,647	533,765

	2024 Actual \$	2023 Actual \$
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(b) Key management personnel**Key Management Personnel (KMP) Compensation**

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

Short-term employee benefits	1,854,248	1,831,062
Post-employment benefits	144,357	149,081
Employee - other long-term benefits	33,943	33,674
Total	2,032,548	2,013,817

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits 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 has assessed the materiality of disclosure of transactions with related parties on the following criteria:

- 1) The potential effect of the relationship on the financial statements;
- 2) Whether the transaction occurred as:
 - a) part of a public service provider relationship with a taxpayer on terms no different to that of a transaction with the general public or
 - b) part of an ordinary operational transaction within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that is reasonable to expect the Council would have adopted with the party at arm's length in the same circumstances.

Notes to the Financial Statements
for the year ended 30 June 2024

Note 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.

	2024 Actual \$	2023 Actual \$
(i) In addition to KMP compensation above, the following transactions occurred with related parties:		
Sale of goods and services	3,512	6,120
Purchase of goods and services	5,302	156,503
	8,814	162,623
(ii) Amounts outstanding from related parties:		
Trade and other receivables	116	338
(iii) Amounts payable to related parties:		
Trade and other payables	–	23,183

(iv) Related parties
The City's main related parties are as follows:

- i. Key management personnel*
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 22(a) and 22(b).
- ii. Entities subject to significant influence by the City*
There were no such entities requiring disclosure during the current or previous year.

Note 23. Joint Arrangements

Council has no interest in any Joint Arrangements.

Note 24. Investment in associates

Council has no interest in any Associated Entities.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 25. Financial risk management

Financial risk management

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted average interest rate %	Carrying amounts \$	Fixed interest rate \$	Variable interest rate \$	Non interest bearing \$
2024					
Cash and cash equivalents	4.35%	17,460,646	—	17,460,646	—
Financial assets at amortised cost - term deposits	5.00%	43,183,166	43,183,166	—	—
2023					
Cash and cash equivalents	3.07%	18,218,685	—	18,218,685	—
Financial assets at amortised cost - term deposits	4.34%	38,576,435	38,576,435	—	—

Notes to the Financial Statements

for the year ended 30 June 2024

Note 25. Financial risk management (continued)

Sensitivity

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

	2024 \$	2023 \$
Impact of a 1% movement in interest rates on profit or loss and equity *	174,606	182,186

(*) 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 31(a).

(b) Credit risk**Trade and Other Receivables**

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

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

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

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

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

	Current \$	More than 30 days past due \$	More than 60 days past due \$	More than 90 days past due \$	Total \$
30 June 2024					
Trade receivables					
Expected credit loss	81.00%	14.00%	1.00%	4.00%	
Gross carrying amount	1,185,852	201,517	18,431	52,263	1,458,063
Loss allowance	9,709	1,650	151	428	11,938
30 June 2023					
Trade receivables					
Expected credit loss	75.00%	12.00%	1.00%	12.00%	
Gross carrying amount	1,062,312	157,030	20,782	169,816	1,409,940
Loss allowance	9,143	1,352	179	1,462	12,136

Notes to the Financial Statements

for the year ended 30 June 2024

Note 25. Financial risk management (continued)

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.

(c) Liquidity risk

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2024					
Trade and other payables	–	–	–	–	14,605,122
Borrowings	3,142,208	8,995,763	4,325,844	16,463,815	16,463,815
Lease liabilities	8,285	–	–	8,285	8,285
	3,150,493	8,995,763	4,325,844	16,472,100	33,008,775
2023					
Trade and other payables	14,285,308	–	–	14,285,308	14,285,308
Borrowings	3,696,812	11,376,104	5,087,711	20,160,627	20,160,627
Lease liabilities	47,974	8,285	–	56,259	56,259
	18,030,094	11,384,389	5,087,711	34,502,194	34,502,194

Notes to the Financial Statements
for the year ended 30 June 2024

Note 26. Events occurring after the end of the reporting period

There are no events occurring after the end of the financial year which have significantly affected or may significantly affect the operations of the City of Greater Geraldton.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 27. Other Material Accounting Policies

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Notes to the Financial Statements

for the year ended 30 June 2024

Note 27. Other Material Accounting Policies (continued)

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 9.

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.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 28. Function and activity

(a) Service objectives and descriptions

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

NAME AND OBJECTIVES**DESCRIPTION****GOVERNANCE**

To provide a decision-making process for the efficient allocation of scarce resources.

Includes the activities of members of Council and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the task of assisting council members and ratepayers on matters which do not concern specific local government services.

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

To provide services to help ensure a safer and environmentally conscious community.

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

To provide an operational framework for environmental and community health.

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

EDUCATION AND WELFARE

To provide services to disadvantaged persons, the elderly, children and youth.

Maintenance of senior citizen centre and the provision of youth services.

COMMUNITY AMENITIES

To provide services required by the community.

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

RECREATION AND CULTURE

To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.

Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library and other cultural facilities.

TRANSPORT

To provide safe, effective and efficient transport services to the community.

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc. Provision of airport facilities.

ECONOMIC SERVICES

To help promote the local government and its economic wellbeing.

Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.

OTHER PROPERTY AND SERVICES

To monitor and control operating accounts.

Private works operation, plant repair and costs.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 28. Function and activity (continued)

(b) Income and expenses

	2024 Actual \$	2024 Budget \$	2023 Actual \$
Income excluding grants, subsidies and contributions			
Governance	—	39,650	110,202
General purpose funding	52,817,201	54,890,551	53,105,971
Law, order, public safety	448,314	355,000	355,435
Health	88,118	80,000	80,832
Education and welfare	79,018	35,000	44,536
Community amenities	16,249,321	15,481,046	15,056,919
Recreation and culture	1,914,095	1,808,090	1,929,108
Transport	6,753,900	6,645,150	4,824,241
Economic services	759,017	743,568	1,022,850
Other property and services	4,455,866	1,344,277	1,242,526
	83,564,850	81,422,332	77,772,620
Grants, subsidies and contributions			
Governance	318	87,397	45,546
General purpose funding	142,869	7,730,296	10,416,701
Law, order, public safety	1,154,167	1,402,330	1,526,782
Education and welfare	200,181	348,039	375,095
Community amenities	924,997	697,109	314,641
Recreation and culture	3,471,143	1,011,675	1,773,316
Transport	9,289,689	2,041,585	9,614,410
Economic services	345	6,740,070	47,446
Other property and services	8,552,498	269,909	722,845
	23,736,207	20,328,410	24,836,782
Total income	107,301,057	101,750,742	102,609,402
Expenses			
Governance	(1,169,940)	(2,121,530)	(943,452)
General purpose funding	(1,171,952)	(1,015,973)	(3,335,651)
Law, order, public safety	(4,429,016)	(4,661,515)	(3,883,380)
Health	(850,785)	(1,060,132)	(825,382)
Education and welfare	(2,686,747)	(2,071,618)	(2,000,609)
Housing	(48,283)	(37,446)	(30,367)
Community amenities	(15,514,295)	(15,783,110)	(13,129,415)
Recreation and culture	(23,353,828)	(22,254,381)	(20,291,534)
Transport	(27,357,542)	(31,885,800)	(30,393,703)
Economic services	(2,733,083)	(4,405,843)	(4,234,684)
Other property and services	(14,426,440)	(7,996,928)	(7,674,626)
	(93,741,911)	(93,294,276)	(86,742,803)
Net result for the period	13,559,146	8,456,466	15,866,599

Notes to the Financial Statements
for the year ended 30 June 2024

Note 28. Function and activity (continued)

(c) Total assets

	2024 Actual \$	2023 Actual \$
Governance	10,482,030	449,925
General purpose funding	4,572,689	84,981,356
Law, order, public safety	8,499,970	771,056
Health	577,847	—
Education and welfare	6,961,670	—
Housing	1,190,539	—
Community amenities	24,797,150	147,560,205
Recreation and culture	162,208,342	10,293,852
Transport	658,009,799	549,430,521
Economic services	4,465,461	25,403
Other property and services	94,210,682	181,580,748
Total assets	975,976,179	975,093,066

Notes to the Financial Statements

for the year ended 30 June 2024

Note 29. Rating information

	Basis of valuation	Rate in \$	Number of properties	2023/24 Actual Rateable Value \$	2023/24 Actual Rate Revenue \$	2023/24 Actual Interim Rates \$	2023/24 Actual Back Rates \$	2023/24 Actual Total Revenue \$	2023/24 Budget Rate Revenue \$	2023/24 Budget Interim Rate \$	2023/24 Budget Back Rate \$	2023/24 Budget Total Revenue \$	2022/23 Actual Total Revenue \$
Rate type													
General Rates													
Rate Description													
CGG GRV	Gross rental valuations	0.13325	17,187	344,496,353	45,904,139	134,093	1,758	46,039,990	45,904,139	170,000	16,000	46,090,139	44,284,425
UV	Unimproved valuations	0.00568	764	557,071,982	3,165,283	5,040	(134)	3,170,189	3,165,283	30,000	–	3,195,283	3,025,125
Total general rates			17,951	901,568,335	49,069,422	139,133	1,624	49,210,179	49,069,422	200,000	16,000	49,285,422	47,309,550
Minimum payment													
CGG GRV		1,027.00	2,318	7,767,575	2,380,586	–	–	2,380,586	2,380,586	–	–	2,380,586	2,573,663
UV		1,027.00	337	32,092,072	346,099	–	–	346,099	346,099	–	–	346,099	365,612
Total minimum payments			2,655	39,859,647	2,726,685	–	–	2,726,685	2,726,685	–	–	2,726,685	2,939,275
Total general rates and minimum payments			20,606	941,427,982	51,796,107	139,133	1,624	51,936,864	51,796,107	200,000	16,000	52,012,107	50,248,825
Ex-gratia rates													
Rural		–	–	–	–	–	185,207	185,207	–	–	–	–	–
Total amount raised from rates (excluding general rates)			–	–	–	–	185,207	185,207	–	–	–	–	–
							52,122,071				52,012,107	50,248,825	
Discounts/Concessions													
General rates							(110,394)					(110,864)	(103,797)
Total rates							52,011,677				51,901,243	50,145,028	

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

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

Notes to the Financial Statements

for the year ended 30 June 2024

Note 30. Determination of surplus or deficit

	2023/24	2023/24	2022/23
	30 June 2024	Budget	30 June 2023
	Carried Forward	Carried Forward	Carried Forward
Note	\$	\$	\$

(a) Non-cash amounts excluded from operating activities

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

Adjustments to operating activities

Less: Profit on asset disposals	(156,496)	(202,612)	(98,618)
Less: Fair value adjustments to financial assets at fair value through profit or loss	(7,566)	—	(16,586)
Add: Loss on disposal of assets	745	543,950	557,358
Add: Depreciation	24,656,474	25,748,958	25,846,062

Non-cash movements in non-current assets and liabilities:

Pensioner deferred rates	29,070	56,262	11,041
Employee benefit provisions	37,950	(103)	(16,660)
Other provisions	531,174	—	267,151
Other Non-Cash (Revenue)/Expenditure	486,938	—	3,836

Non-cash amounts excluded from operating activities

25,578,289	26,146,455	26,553,584
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(b) Non-cash amounts excluded from investing activities

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

Adjustments to investing activities

Movement in non-current capital grant/contribution liability	—	—	—
Property, plant and equipment received for substantially less than fair value	—	—	—
Infrastructure received for substantially less than fair value	—	—	—
Non cash Capital grants, subsidies and contributions	—	—	—

Non-cash amounts excluded from investing activities

—	—	—
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Notes to the Financial Statements

for the year ended 30 June 2024

Note 30. Determination of surplus or deficit (continued)

		2023/24	2023/24	2022/23
		30 June 2024	Budget 30 June 2024	30 June 2023
		Carried Forward	Carried Forward	Carried Forward
	Note	\$	\$	\$
Adjustments to financing activities				
(c) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation</i> 32 to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserve accounts	32	(38,003,594)	(31,790,391)	(41,305,828)
Less: Financial assets at amortised cost - self supporting loans	4a	(124,784)	(207,277)	(123,059)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	15	3,142,208	3,205,746	3,696,812
- Current portion of lease liabilities	10	8,285	8,285	47,974
Other - Council Loans		(18,960)	18,457	(20,439)
Land Held for Resale		—	(7,052,793)	—
Total adjustments to net current assets		(34,996,845)	(35,817,973)	(37,704,540)
Net current assets used in the Statement of Financial Activity				
Total current assets		68,946,214	63,129,374	68,169,182
Less: Total current liabilities		(25,904,831)	(26,383,452)	(28,977,390)
Less: Total adjustments to net current assets		(34,996,845)	(35,817,973)	(37,704,540)
Surplus or deficit after imposition of general rates		8,044,538	927,949	1,487,252

Notes to the Financial Statements

for the year ended 30 June 2024

Note 31. Borrowing and lease liabilities

(a) Borrowings

Purpose	Note	Actual Principal at 30 June 2023	New loans During 2023-24	Principal repayments During 2023-24	Actual Principal at 30 June 2024	Principal at 1 July 2023	Budget New Loans During 2023-24	Principal repayments	Principal at 30 June 2024
96 Geraldton Yacht Club SSL		134,777	–	(25,292)	109,485	134,777	–	(25,292)	109,485
263 Recreation Ground Grandstand		150,618	–	(150,618)	–	150,618	–	(150,618)	–
264 Aquarena Upgrade		240,987	–	(240,987)	–	240,988	–	(240,988)	–
265 Old Works Depot		120,494	–	(120,494)	–	120,494	–	(120,494)	–
266 Old Railway Building		124,108	–	(124,108)	–	124,108	–	(124,109)	(1)
268 Foreshore Stabilisation & Protection		270,301	–	(133,079)	137,222	270,301	–	(133,079)	137,222
269 Airport Projects		680,258	–	(334,914)	345,344	680,258	–	(334,914)	345,344
271 QPT Air-Conditioning Replacement		1,075,687	–	(348,220)	727,467	1,075,687	–	(348,220)	727,467
272 MUF, Youth Precinct, Beach Access Ramp		2,401,900	–	(267,858)	2,134,042	2,401,900	–	(267,858)	2,134,042
274 Olive Street Development		1,619,055	–	(386,107)	1,232,948	1,619,055	–	(386,107)	1,232,948
275 Airport Runway Overlay		6,315,965	–	(317,319)	5,998,646	6,315,965	–	(317,319)	5,998,646
276 Animal Management Facility		846,628	–	(276,640)	569,988	846,628	–	(276,640)	569,988
277 Beresford Foreshore		1,159,036	–	(182,577)	976,459	1,159,035	–	(182,577)	976,458
278 Meru Resource Recovery Facility		4,385,542	–	(690,832)	3,694,710	4,385,541	–	(690,832)	3,694,709
279 Wonthella Bowling Club SSL		120,589	–	(39,999)	80,590	120,589	–	(39,999)	80,590
280 Geraldton Amateur Basketball Association SSL		–	–	–	–	–	550,000	(21,531)	528,469
281 Geraldton Hockey Association SSL		514,682	–	(57,768)	456,914	514,682	–	(57,768)	456,914
282 Rovers Football Club SSL		–	–	–	–	–	150,000	(9,080)	140,920
Total Borrowings	15	20,160,627	–	(3,696,812)	16,463,815	20,160,626	700,000	(3,727,425)	17,133,201

Notes to the Financial Statements

for the year ended 30 June 2024

Note 31. Borrowing and lease liabilities (continued)

(a) Borrowings

Borrowing Finance Cost Payments

Purpose	Institution	Interest Rate	Actual for year ending 30 June 2024	Budget for year ending 30 June 2024
96 Geraldton Yacht Club SSL	WATC	3.16%	3,965	4,061
263 Recreation Ground Grandstand	WATC	4.36%	3,597	4,943
264 Aquarena Upgrade	WATC	4.36%	5,756	7,909
265 Old Works Depot	WATC	4.36%	2,878	3,954
266 Old Railway Building	WATC	4.36%	2,964	4,073
268 Foreshore Stabilisation & Protection	WATC	3.09%	6,684	7,332
269 Airport Projects	WATC	3.09%	16,822	18,453
271 QPT Air-Conditioning Replacement	WATC	2.92%	27,081	28,886
272 MUF, Youth Precinct, Beach Access Ramp	WATC	3.21%	73,442	74,968
274 Olive Street Development	WATC	3.13%	46,201	47,679
275 Airport Runway Overlay	WATC	2.82%	174,430	175,889
276 Animal Management Facility	WATC	1.99%	14,581	15,478
277 Beresford Foreshore	WATC	2.24%	24,279	24,946
278 Meru Resource Recovery Facility	WATC	2.24%	91,866	94,389
279 Wonthella Bowling Club SSL	WATC	0.49%	451	544
281 Geraldton Hockey Association SSL	WATC	1.25%	6,006	6,235
280 Geraldton Amateur Basketball Association SSL	WATC	5.00%	—	13,750
282 Rovers Football Club	WATC	5.00%	—	3,750
WATC Loan Guarantee Fee	WATC	0.00%	134,187	141,809
Total Finance Cost Payments			635,190	679,048

Notes to the Financial Statements

for the year ended 30 June 2024

Note 31. Borrowing and lease liabilities (continued)

(b) New Borrowings - 2023/24

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					Actual	Budget	Actual	Budget		
				%	\$	\$	\$	\$	\$	\$
Geraldton Amateur Basketball Association SSL	WATC	Self supporting loan	10	5.00%	—	550,000	—	550,000	13,750	—
Rovers Football Club SSL	WATC	Self Supporting loan	7	5.00%	—	150,000	—	150,000	3,750	—
					—	700,000	—	700,000	17,500	—

(c) Unspent Borrowings

Particulars	Institution	Date Borrowed	Unspent Balance 1 July 2023	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2024
			\$	\$	\$	\$
No Unspent borrowings			—	—	—	—
			—	—	—	—

Notes to the Financial Statements

for the year ended 30 June 2024

Note 31. Borrowing and lease liabilities (continued)

(d) Lease liabilities

Purpose	Note	Actual			Budget				
		Principal at 30 June 2023	New leases During 2023-24	Principal repayments During 2023-24	Principal at 30 June 2024	Principal at 1 July 2023	New leases During 2023-24	Principal repayments During 2023-24	Principal at 30 June 2024
		\$	\$	\$	\$	\$	\$	\$	\$
Printers		56,259	—	(47,974)	8,285	56,260	—	(47,974)	8,286
Total lease liabilities	10b	56,259	—	(47,974)	8,285	56,260	—	(47,974)	8,286

Lease Finance Cost Payments

Purpose	Institution	Lease interest rate	Date final payment is due	Actual for year ending 30 June 2024	Budget for year ending 30 June 2024	Actual for year ending 30 June 2023	Lease term
				\$	\$	\$	
Printers	BOQ	6.14%	24/10/24	2,120	2,119	4,970	60 Months
Total Finance Cost Payments				2,120	2,119	4,970	

Notes to the Financial Statements

for the year ended 30 June 2024

Note 32. Reserve accounts

	2024 Opening Balance Actual \$	2024 Transfer to Actual \$	2024 Transfer (from) Actual \$	2024 Closing Balance Actual \$	2024 Opening Balance Budget \$	2024 Transfer to Budget \$	2024 Transfer (from) Budget \$	2024 Closing Balance Budget \$	2023 Opening Balance Actual \$	2023 Transfer to Actual \$	2023 Transfer (from) Actual \$	2023 Closing Balance Actual \$
(a) Parking Land Reserve	551,759	576,000	—	1,127,759	551,759	—	—	551,759	551,759	—	—	551,759
(b) Unexpended Capital Works & Restricted Grant Reserve	22,587,461	10,975,881	(20,351,213)	13,212,129	4,847,050	—	—	4,847,050	10,485,880	18,872,577	(6,770,996)	22,587,461
(c) Employee Entitlements Reserve	3,100,000	—	—	3,100,000	3,100,000	—	—	3,100,000	3,100,000	—	—	3,100,000
(d) Major Initiatives Reserve	11,059,750	—	—	11,059,750	14,001,405	—	(2,221,367)	11,780,038	8,191,405	3,600,000	(731,655)	11,059,750
(e) Asset Renewal Reserve	12,602,465	—	(248,000)	12,354,465	12,721,910	—	—	12,721,910	14,721,910	1,000,000	(3,119,445)	12,602,465
(f) Point Moore Reserve	187,318	38,750	—	226,068	182,318	34,000	—	216,318	148,318	39,000	—	187,318
(g) Money In Lieu of Public Open Space	1,667,075	106,348	—	1,773,423	1,403,965	—	—	1,403,965	2,077,163	13,110	(423,198)	1,667,075
(s) Public Art Reserve	—	150,000	—	150,000	—	150,000	—	150,000	—	—	—	—
	51,755,828	11,846,979	(20,599,213)	43,003,594	36,808,407	184,000	(2,221,367)	34,771,040	39,276,435	23,524,687	(11,045,294)	51,755,828

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

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

Name of reserve

Purpose of the reserve

(a) Parking Land Reserve	The purpose of this reserve is to build up funds that can then be used for the acquisition of land for car parking and provision of parking bays within the City.
(b) Unexpended Capital Works & Restricted Grant Reserve	The purpose of this reserve is to restrict grant funds received that were unspent in the financial year including any tied contribution from the City plus any unexpended capital works to be carried over to the next financial year.
(c) Employee Entitlements Reserve	The purpose of this reserve is for the funding of payments not predicted or provided for in Council's municipal budget. It is also intended to fund large payments to staff that may occur in any year, principally being long service leave payments but shall include provision for voluntary redundancy payments, accrued non-current annual leave and sick leave entitlements as provided for under the City's Enterprise Agreement.
(d) Major Initiatives Reserve	The purpose of this reserve is to provide funding tied to prioritised capital works program and major projects/initiatives. Funds to be mainly derived from net proceeds on land sales.
(e) Asset Renewal Reserve	The purpose of this reserve is to fund infrastructure renewal. Any funds that are unspent from the annual asset renewal program are to be disbursed into this reserve for future renewal programs, unbudgeted emergent and/or emergency renewal works.
(f) Point Moore Reserve	The purpose of this reserve is to build funds from the annual demolition levy applied and to be paid by the Lessee per clause 4.2 of Point Moore Beach Cottages Leases in removal of all improvements and in remediation of sites.
(g) Money In Lieu of Public Open Space	The purpose of this reserve is to set aside funds received from developers in lieu of land. The funds can be used to purchase land for parks, recreation grounds or open spaces generally.

Notes to the Financial Statements
for the year ended 30 June 2024

Note 33. Trust funds

	1-Jul-2023	Amounts received	Amounts paid	30 June 2024
	\$	\$	\$	\$
Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:				
Mid West Industry Road Safety Alliance	26,539	—	(12,000)	14,539
Revegetation Contributions	145,922	6,467	—	152,389
Unclaimed Monies	7,436	1,738	(1,609)	7,565
	179,897	8,205	(13,609)	174,493

Financial Report
for the year ended 30 June 2024

Independent Auditor's Report

Insert Independent Auditor's Report here

5 GENERAL BUSINESS

6 MEETING CLOSURE