

CITY OF KARRATHA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

Certification of Financial Report	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Rate Setting Statement	7
Index of Notes to the Financial Report	8
Independent Auditor's Report	59

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

To be Australia's most liveable regional City.

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

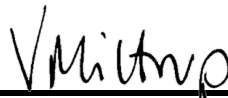
**CITY OF KARRATHA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City of Karratha for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the City of Karratha at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996 , to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 23 day of May 2023



Chief Executive Officer

Virginia Miltrup

Name of Chief Executive Officer

CITY OF KARRATHA
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual \$	2022 Budget \$	Restated * 2021 Actual \$
Revenue				
Rates	26(a),2(a)	45,601,161	45,352,357	44,298,154
Operating grants, subsidies and contributions	2(a)	13,055,738	16,013,802	17,146,710
Fees and charges	25(c),2(a)	46,281,698	42,765,274	40,196,174
Interest earnings	2(a)	1,191,500	1,062,404	1,058,794
Other revenue	2(a)	2,044,123	1,093,251	3,250,577
		108,174,220	106,287,088	105,950,409
Expenses				
Employee costs		(36,634,734)	(37,265,326)	(37,214,925)
Materials and contracts		(31,201,210)	(34,029,855)	(29,449,528)
Utility charges		(6,799,911)	(6,596,858)	(6,249,037)
Depreciation	10(a),32	(20,721,518)	(18,924,084)	(19,991,488)
Finance costs	2(b)	(72,201)	(40,357)	(202,694)
Insurance		(2,388,056)	(2,089,521)	(1,900,845)
Other expenditure	2(b)	(3,133,537)	(3,242,016)	(3,763,473)
		(100,951,167)	(102,188,017)	(98,771,990)
		7,223,053	4,099,071	7,178,419
Capital grants, subsidies and contributions	2(a)	3,141,659	8,700,142	4,724,337
Profit on fixed asset disposals	10(b)	42,554	754,000	35,501
Profit on disposal of land held for sale		680,608	1,289,048	0
Loss on fixed asset disposals	10(b)	(271,217)	(201,800)	(439,137)
Fair value adjustments to financial assets at fair value through profit or loss		0	0	6,542
Fair value adjustments to investment property	12	3,547,229	0	5,438,861
Fair value adjustments to land held for sale		0		
		7,140,833	10,541,390	9,766,104
Net result for the period	25(b)	14,363,886	14,640,461	16,944,523
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	49,424,265	0	(316,186)
Total other comprehensive income for the period	18	49,424,265	0	(316,186)
Total comprehensive income for the period		63,788,151	14,640,461	16,628,337

*See Note 32 for details regarding the prior period restatements as a result of the correction of prior year errors.



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



CITY OF KARRATHA
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	NOTE	2022 \$	Restated * 2021 \$	Restated * 2020 \$
CURRENT ASSETS				
Cash and cash equivalents	3	18,701,445	60,871,828	55,175,670
Trade and other receivables	5	11,593,034	8,848,998	10,252,019
Other financial assets	4(a)	63,776,470	16,569,589	13,163,678
Inventories	6	3,079,554	1,318,758	488,469
Other assets	7	635,000	691,479	0
TOTAL CURRENT ASSETS		97,785,503	88,300,652	79,079,836
NON-CURRENT ASSETS				
Trade and other receivables	5	124,258	398,516	453,046
Other financial assets	4(b)	3,036,156	800,246	322,310
Inventories	6	0	93,370	488,358
Property, plant and equipment	8	300,523,647	250,787,540	250,813,979
Infrastructure	9	419,108,677	422,015,502	416,316,742
Right-of-use assets	11(a)	1,224,578	1,405,797	27,436
Investment property	12	35,125,608	31,300,000	25,619,936
TOTAL NON-CURRENT ASSETS		759,142,924	706,800,971	694,041,807
TOTAL ASSETS		856,928,427	795,101,623	773,121,643
CURRENT LIABILITIES				
Trade and other payables	13	13,019,974	11,123,600	6,195,306
Other liabilities	14	0	973,681	2,119,876
Lease liabilities	11(b)	168,429	145,406	14,998
Borrowings	15	16,854	16,416	85,520
Employee related provisions	16	4,449,364	4,820,037	4,618,608
Other provisions	17	8,935,350	0	0
TOTAL CURRENT LIABILITIES		26,589,971	17,079,140	13,034,308
NON-CURRENT LIABILITIES				
Lease liabilities	11(b)	1,074,652	1,227,481	12,831
Borrowings	15	0	16,853	177,494
Employee related provisions	16	397,152	473,844	457,080
Other provisions	17	2,857,059	14,082,863	13,846,825
TOTAL NON-CURRENT LIABILITIES		4,328,863	15,801,041	14,494,230
TOTAL LIABILITIES		30,918,834	32,880,181	27,528,538
NET ASSETS		826,009,593	762,221,442	745,593,105
EQUITY				
Retained surplus		457,512,213	447,618,294	441,768,233
Reserve accounts	29	78,025,524	73,555,557	67,506,603
Revaluation surplus	18	290,471,856	241,047,591	236,318,269
TOTAL EQUITY		826,009,593	762,221,442	745,593,105

*See Note 32 for details regarding the prior period restatements as a result of the correction of prior year errors.



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



CITY OF KARRATHA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2020		452,276,363	67,506,603	241,363,777	761,146,743
Change in accounting policy		(5,045,508)	0	0	(5,045,508)
Correction of Prior Period error*	32	(10,508,130)	0	0	(10,508,130)
Restated balance at the beginning of the financial year	18,29	436,722,725	67,506,603	241,363,777	745,593,105
Comprehensive income for the period					
Net result for the period		15,631,007	0	0	15,631,007
Correction of Prior Period error*		1,313,516			1,313,516
Other comprehensive income for the period	18	0	0	(316,186)	(316,186)
Total comprehensive income for the period		16,944,523	0	(316,186)	16,628,337
Transfers from reserves	29	13,168,229	(13,168,229)	0	0
Transfers to reserves	29	(19,217,183)	19,217,183	0	0
Restated Balance as at 30 June 2021	18,29	447,618,294	73,555,557	241,047,591	762,221,442
Comprehensive income for the period					
Net result for the period		14,363,886	0	0	14,363,886
Other comprehensive income for the period	18	0	0	49,424,265	49,424,265
Total comprehensive income for the period		14,363,886	0	49,424,265	63,788,151
Transfers from reserves	29	13,405,526	(13,405,526)	0	0
Transfers to reserves	29	(17,875,493)	17,875,493	0	0
Balance as at 30 June 2022	18,29	457,512,213	78,025,524	290,471,856	826,009,593

*See Note 32 for details regarding the prior period restatements as a result of the correction of prior year errors.

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

CITY OF KARRATHA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		46,354,878	46,824,592	44,184,286
Operating grants, subsidies and contributions		12,206,395	18,063,802	17,979,159
Fees and charges		42,693,083	42,765,274	39,520,222
Interest received		1,191,500	1,062,404	1,058,794
Other revenue		2,044,123	1,093,251	3,250,577
		104,489,979	109,809,323	105,993,038
Payments				
Employee costs		(37,060,922)	(37,265,326)	(36,706,953)
Materials and contracts		(34,072,007)	(32,529,855)	(25,246,546)
Utility charges		(6,806,905)	(6,596,858)	(6,249,037)
Finance costs		(72,201)	(40,357)	(202,694)
Insurance paid		(2,388,056)	(2,089,521)	(1,900,845)
Goods and services tax paid		231,509	0	(388,574)
Other expenditure		(2,572,260)	(3,242,016)	(3,763,473)
		(82,740,842)	(81,763,933)	(74,458,122)
Net cash provided by (used in) operating activities	19(b)	21,749,137	28,045,390	31,534,916
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for loans financial assets at amortised cost - loans to clubs/institutions		(2,244,386)	(3,450,000)	(640,750)
Payments for development of land held for resale		0	(1,950,996)	0
Payments for purchase of property, plant & equipment	8(a)	(15,490,300)	(13,424,181)	(8,663,937)
Payments for construction of infrastructure	9(a)	(3,663,824)	(24,653,118)	(18,394,328)
Payments for investment property	12	(278,379)	(255,000)	(241,203)
Non-operating grants, subsidies and contributions		3,141,659	8,700,142	4,926,429
Payments from financial assets at amortised cost		(47,208,417)	0	(3,386,374)
Proceeds from financial assets at amortised cost - self supporting loans		16,454	87,654	152,902
Proceeds for loans financial assets at amortised cost - loans to clubs/institutions		552	0	(3,083)
Proceeds from sale of land held for resale		1,268,410	2,800,000	0
Proceeds from sale of property, plant & equipment	10(b)	684,932	1,989,000	732,360
Net cash provided by (used in) investing activities		(63,773,299)	(30,156,499)	(25,517,984)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	28(a)	(16,415)	(85,946)	(229,745)
Payments for principal portion of lease liabilities	28(b)	(129,806)	(132,763)	(91,029)
Net cash provided by (used in) financing activities		(146,221)	(218,709)	(320,774)
Net increase (decrease) in cash held		(42,170,383)	(2,329,818)	5,696,158
Cash at beginning of year		60,871,828	68,148,286	55,175,670
Cash and cash equivalents at the end of the year	3,19(a)	18,701,445	65,818,468	60,871,828

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



CITY OF KARRATHA
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

			Restated *
	NOTE	2022 Actual \$	2022 Budget \$ 2021 Actual \$
Restricted surplus brought forward - Pilbara Underground Power	27(b)	248,516	298,260
Unrestricted surplus brought forward		452,221	1,700,172
NET CURRENT ASSETS - At start of financial year - surplus/(deficit)		700,737	3,952,135
OPERATING ACTIVITIES			
Revenue from operating activities (excluding general rate)			
Rates (excluding general rate)	26(b)	54,922	52,400
Operating grants, subsidies and contributions		13,055,738	16,013,802
Fees and charges		46,281,698	42,765,274
Interest earnings		1,191,500	1,062,404
Other revenue		2,044,123	1,093,251
Profit on asset disposals		723,162	2,043,048
			35,501
Fair value adjustments to financial assets at fair value through profit or loss		0	0
Fair value adjustments to investment property		3,547,229	0
		66,898,372	63,030,179
Expenditure from operating activities			
Employee costs		(36,634,734)	(37,265,326)
Materials and contracts		(31,201,210)	(34,029,855)
Utility charges		(6,799,911)	(6,596,858)
Depreciation		(20,721,518)	(18,924,084)
Finance costs		(72,201)	(40,357)
Insurance		(2,388,056)	(2,089,521)
Other expenditure		(3,133,537)	(3,242,016)
Loss on asset disposals		(271,217)	(201,800)
		(101,222,384)	(102,389,817)
			(99,211,127)
Non-cash amounts excluded from operating activities	27(a)	14,128,435	17,203,662
Amount attributable to operating activities		(20,195,577)	(22,155,976)
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions		3,141,659	8,700,142
Proceeds from disposal of assets		1,953,342	4,789,000
Proceeds from financial assets at amortised cost - self supporting loans		16,454	87,654
Payments for financial assets at amortised cost - loans to clubs/institutes		(2,244,386)	(3,450,000)
Payments for land held for sale		0	(1,950,996)
Purchase of property, plant and equipment	8(a)	(15,490,300)	(13,424,181)
Purchase and construction of infrastructure	9(a)	(3,663,824)	(24,653,118)
Purchase of investment property	12	(278,379)	(255,000)
		(16,565,434)	(30,156,499)
			(22,270,619)
Amount attributable to investing activities		(16,565,434)	(30,156,499)
FINANCING ACTIVITIES			
Repayment of borrowings	28(a)	(16,415)	(85,946)
Payments for principal portion of lease liabilities	28(b)	(129,806)	(132,763)
Transfers to reserves (restricted assets)	29	(17,875,493)	(28,211,568)
Transfers from reserves (restricted assets)	29	13,405,526	31,645,182
Amount attributable to financing activities		(4,616,188)	3,214,905
			(6,369,728)
Surplus/(deficit) before imposition of general rates		(40,676,462)	(45,145,435)
Total amount raised from general rates	26(a)	45,546,239	45,299,957
Restricted surplus June 30 c/fwd - Pilbara Underground Power	5	124,258	150,000
Surplus/(deficit) after imposition of general rates	27(b)	4,745,519	4,522
			452,221

*See Note 32 for details regarding the prior period restatements as a result of the correction of prior year errors.

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

CITY OF KARRATHA
FOR THE YEAR ENDED 30 JUNE 2022
INDEX OF NOTES TO THE FINANCIAL REPORT

Note 1	Basis of Preparation	9
Note 2	Revenue and Expenses	10
Note 3	Cash and Cash Equivalents	14
Note 4	Other Financial Assets	14
Note 5	Trade and Other Receivables	15
Note 6	Inventories	16
Note 7	Other Assets	17
Note 8	Property, Plant and Equipment	18
Note 9	Infrastructure	20
Note 10	Fixed Assets	22
Note 11	Leases	25
Note 12	Investment Property	26
Note 13	Trade and Other Payables	27
Note 14	Other Liabilities	28
Note 15	Borrowings	29
Note 16	Employee Related Provisions	30
Note 17	Other Provisions	31
Note 18	Revaluation Surplus	32
Note 19	Notes to the Statement of Cash Flows	33
Note 20	Contingent Liabilities	34
Note 21	Capital Commitments	34
Note 22	Related Party Transactions	35
Note 23	Financial Risk Management	39
Note 24	Other Significant Accounting Policies	43
Note 25	Function and Activity	44
Note 26	Rating Information	47
Note 27	Rate Setting Statement Information	50
Note 28	Borrowing and Lease Liabilities	51
Note 29	Reserve accounts	52
Note 30	Trust Funds	54
Note 31	Trading Undertakings and Major Trading Undertakings	55
Note 32	Correction of Prior Year Error	57

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

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

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

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

The local government reporting entity

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

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

Judgements and estimates

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

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

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, infrastructure and investment property
- estimation uncertainties made in relation to lease accounting

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES

(a) Revenue

Revenue Recognition

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

For the year ended 30 June 2022

Nature or type	Contracts with customers \$	Capital grant/contributions \$	Statutory Requirements \$	Other \$	Total \$
Rates	0	0	45,546,239	54,922	45,601,161
Operating grants, subsidies and contributions	0	0	0	13,055,738	13,055,738
Fees and charges	0	0	0	46,281,698	46,281,698
Interest earnings	0	0	255,980	935,520	1,191,500
Other revenue	0	0	0	2,044,123	2,044,123
Non-operating grants, subsidies and contributions	0	3,141,659	0	0	3,141,659
Total	0	3,141,659	45,802,219	62,372,001	111,315,879

For the year ended 30 June 2021

Nature or type	Contracts with customers \$	Capital grant/contributions \$	Statutory Requirements \$	Other \$	Total \$
Rates	0	0	44,246,715	51,439	44,298,154
Operating grants, subsidies and contributions	0	0	0	17,146,710	17,146,710
Fees and charges	0	0	0	40,196,174	40,196,174
Interest earnings	0	0	213,312	845,482	1,058,794
Other revenue	0	0	354,101	2,896,476	3,250,577
Non-operating grants, subsidies and contributions	0	4,724,337	0	0	4,724,337
Total	0	4,724,337	44,814,128	61,136,281	110,674,746

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Interest earnings			
Financial assets at amortised cost - self supporting loans	774	3,861	9,435
Interest on reserve funds	786,051	572,862	642,854
Rates instalment and penalty interest (refer Note 26(f))	255,980	398,000	252,442
Late payment of fees and charges	31,449	60,000	60,832
Other interest earnings	117,246	27,681	93,231
	1,191,500	1,062,404	1,058,794

(b) Expenses

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Auditors remuneration			
- Audit of the Annual Financial Report	72,060	60,000	66,103
- Other services	3,500	0	7,200
	75,560	60,000	73,303
Finance costs			
Borrowings	28(a) 774	3,861	9,435
Other provisions: unwinding of discount	17 46,947	0	176,038
Lease liabilities	28(b) 24,480	36,496	17,221
	72,201	40,357	202,694
Other expenditure			
Impairment losses on rates receivables	38,655	200,000	0
Impairment loss on trade and other receivables	561,277	0	231,097
Sundry expenses	2,533,605	3,042,016	3,532,376
	3,133,537	3,242,016	3,763,473

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds /Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General rates	Over time	Payment dates adopted by Council during the year	None	Adopted by Council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by Council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE RECOGNITION (cont.)

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds /Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming	Single point in time	Full payment prior to issue	None	Set by state legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by state legislation	Apportioned equally across the inspection cycle	No refunds	Output method based on provision of service
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by state legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by Council annually	Apportioned equally across the collection period	Not applicable	Output method based on provision of service
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	Adopted by Council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by Council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/departure event
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by Council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE RECOGNITION (cont.)

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds / Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Kiosk and visitor centre stock	Single point in time	In full in advance, on 40 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on provision of goods
Commissions	Commissions on ticket sales/artwork	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

3. CASH AND CASH EQUIVALENTS

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

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

Note	2022	2021
	\$	\$
	13,693,431	60,871,828
	5,008,014	0
19(a)	18,701,445	60,871,828
	4,436,921	3,869,406
19(a)	14,264,524	57,002,422
	18,701,445	60,871,828

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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

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

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserves, 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.

Details of restrictions on financial assets can be found at Note 19.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Self supporting loans receivable
Term deposits
Loans receivable - clubs/institutions

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

(b) Non-current assets

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

Financial assets at amortised cost

Self supporting loans receivable
Loans receivable - clubs/institutions

Financial assets at fair value through profit and loss

Units in Local Government House Trust

	2022	2021
	\$	\$
	63,776,470	16,569,589
	63,776,470	16,569,589
27(b)	15,470	16,454
	63,758,469	16,550,052
	2,531	3,083
	63,776,470	16,569,589
19(a)	15,470	16,454
	63,761,000	16,553,135
	63,776,470	16,569,589
	2,900,000	671,084
	136,156	129,162
	3,036,156	800,246
	0	15,470
	2,900,000	655,614
	2,900,000	671,084
	136,156	129,162
	136,156	129,162

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

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

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

5. TRADE AND OTHER RECEIVABLES

Current

	Note	2022 \$	2021 \$
Rates receivable		1,144,144	1,521,605
Trade and other receivables		6,891,507	5,935,753
GST receivable		248,727	480,236
Allowance for credit losses of trade and other receivables	23(b)	(1,406,094)	(1,884,228)
Allowance for credit losses of rates receivables	23(b)	(55,046)	(117,787)
Accrued Income		3,353,267	2,517,220
Prepayments		1,416,529	396,199
		11,593,034	8,848,998

Non-current

Service Charge		124,258	248,516
Trade and Other Receivables		0	150,000
		124,258	398,516

Reconciliation of changes in the allowance for impairment of receivables:

Balance at start of period		2,002,015	1,768,054
Expected credit losses expense		20,402	465,058
Amounts written off during the period		(561,277)	(231,097)
Balance at end of period		1,461,140	2,002,015

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 40 days.

Impairment and risk exposure

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

Classification and subsequent measurement

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables 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.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

6. INVENTORIES

	Note	2022 \$	2021 \$
Current			
Fuel and materials		507,744	361,034
Corporate Uniform		38,000	22,885
Food, drinks & merchandise Roebourne Aquatic Centre		45,470	152
Food, drinks & merchandise Indoor Play Centre		6,232	4,440
Food, drinks & merchandise Wickham Recreation Precinct		2,687	1,916
Food, drinks & merchandise Karratha Leisureplex		7,004	2,562
Food, drinks & merchandise Red Earth Arts Precinct		24,390	21,458
Food, drinks & merchandise Karratha Visitor Centre		10,124	14,453
Land held for resale - cost			
Cost of acquisition		463,500	370,130
Development costs		2,562,206	519,728
Disposal - cost		(587,803)	0
		3,079,554	1,318,758
Non-current			
Land held for resale			
Cost of acquisition		0	93,370
		0	93,370

The following movements in inventories occurred during the year:

Balance at beginning of year	1,412,128	976,827
Inventories expensed/disposed	(1,547,788)	(1,482,101)
Additions to inventory	3,215,214	1,917,402
Balance at end of year	3,079,554	1,412,128

SIGNIFICANT ACCOUNTING POLICIES

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land held for resale

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

Land held for resale (Continued)

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

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

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

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

7. OTHER ASSETS

Other assets - current

Contract assets

2022	2021
\$	\$
635,000	691,479
635,000	691,479

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

Contract assets

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

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

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Note	Land \$	Buildings \$	Total land and buildings \$	Furniture and equipment \$	Plant \$	Equipment \$	Artwork & Sculptures \$	Works in Progress \$	Total property, plant and equipment \$
Balance at 1 July 2020		10,364,242	225,324,488	235,688,730	2,900,749	9,173,420	363,535	2,200,939	486,606	250,813,979
Additions		359,738	1,398,360	1,758,098	1,200,073	4,194,849	615,175	77,740	758,002	8,603,937
Disposals		0	(41,740)	(41,740)	(59,885)	(964,925)	(15,719)	0	0	(1,082,269)
Revaluation increments / (decrements) transferred to revaluation surplus		0	(107,690)	(107,690)	0	0	0	0	0	(107,690)
Depreciation	10(a)	0	(5,270,124)	(5,270,124)	(634,328)	(1,288,166)	(201,550)	(46,249)	0	(7,440,417)
Transfers		0	18,000	18,000	(1,960)	0	1,960	0	(18,000)	0
Balance at 30 June 2021		10,723,980	221,321,294	232,045,274	3,404,649	11,115,178	763,401	2,232,430	1,226,608	250,787,540
Comprises:										
Gross balance amount at 30 June 2021		10,723,980	265,107,847	275,831,827	4,545,510	12,951,970	1,035,142	2,357,621	1,226,608	297,948,678
Accumulated depreciation at 30 June 2021		0	(35,868,475)	(35,868,475)	(1,140,861)	(1,836,792)	(271,741)	(125,191)	0	(39,243,060)
Accumulated impairment loss at 30 June 2021		0	(7,918,078)	(7,918,078)	0	0	0	0	0	(7,918,078)
Balance at 30 June 2021		10,723,980	221,321,294	232,045,274	3,404,649	11,115,178	763,401	2,232,430	1,226,608	250,787,540
Additions		0	1,301,302	1,301,302	690,568	1,779,160	150,845	0	11,568,425	15,490,300
Disposals		0	(76,475)	(76,475)	(25,564)	(809,480)	(2,076)	0	0	(913,595)
Revaluation increments / (decrements) transferred to revaluation surplus		5,864,870	37,057,560	42,922,430	0	0	0	0	0	42,922,430
Depreciation	10(a)	0	(5,285,446)	(5,285,446)	(820,355)	(1,369,609)	(240,502)	(47,116)	0	(7,763,028)
Balance at 30 June 2022		16,588,850	254,318,235	270,907,085	3,249,298	10,715,249	671,668	2,185,314	12,795,033	300,523,647
Comprises:										
Gross balance amount at 30 June 2022		16,588,850	254,318,235	270,907,085	5,229,909	13,702,392	1,161,285	2,357,620	12,795,033	306,153,324
Accumulated depreciation at 30 June 2022		0	0	0	(1,980,611)	(2,987,143)	(489,617)	(172,306)	0	(5,629,677)
Balance at 30 June 2022		16,588,850	254,318,235	270,907,085	3,249,298	10,715,249	671,668	2,185,314	12,795,033	300,523,647

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	3	Market approach using recent observable market data for similar properties	Independent Valuation	June 2022	While the unit rates based on square meters could be supported from market evidence (level 2) other inputs such as zoning, restrictions, accessibility (level 3) required extensive professional judgement and impacted significantly on the final determination.
Buildings - non-specialised	3	Market approach using recent observable market data for similar buildings	Independent Valuation	June 2022	Market or estimated price per square meter
Buildings - specialised	3	Cost approach using current replacement cost	Independent Valuation	June 2022	This required estimating the replacement costs for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. Other inputs such as residual value, useful life, pattern of consumption and asset condition required extensive professional judgement and impacted significantly on the final determination
Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.					
During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.					
(ii) Cost					
Furniture and equipment	Cost	N/A	Cost	N/A	Purchase Cost
Plant and equipment	Cost	N/A	Cost	N/A	Purchase Cost
Artwork & Sculptures	Cost	N/A	Cost	N/A	Purchase Cost

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Note	Infrastructure - Roads \$	Infrastructure - Footpaths \$	Infrastructure - Drainage \$	Infrastructure - Parks, Recreation and Open Space \$	Infrastructure - Aerodromes \$	Infrastructure - Miscellaneous Structures \$	Works in Progress \$	Landfill Post Closure Asset \$	Total Infrastructure \$
Balance at 1 July 2020		222,671,305	41,567,908	18,967,965	57,687,817	60,114,990	8,671,509	3,296,553	13,846,825	426,824,872
Correction of Prior Period Error	32								(10,508,130)	(10,508,130)
Additions		1,707,184	978,142	401,674	6,006,874	198,829	112,795	8,988,830	0	18,394,328
(Disposals)		(22,703)	(6,279)	(3,037)	(20,741)	(967)	0	0	0	(53,727)
Revaluation increments / (decrements) transferred to revaluation surplus		(195,510)	0	0	(12,986)	0	0	0	0	(208,496)
Depreciation	10(a)	(4,791,126)	(778,847)	(321,063)	(3,637,311)	(2,061,521)	(426,140)	0	(1,730,853)	(13,746,861)
Correction of Prior Period Error	32								1,313,516	1,313,516
Restated Balance at 30 June 2021		219,369,150	41,760,924	19,045,539	60,023,653	58,251,331	8,358,164	12,285,383	2,921,358	422,015,502
Comprises:										
Gross balance at 30 June 2021		270,486,438	56,360,022	24,409,831	84,764,789	83,468,579	14,636,016	12,285,383	3,338,695	549,749,753
Accumulated depreciation at 30 June 2021		(51,117,288)	(14,599,098)	(5,364,292)	(24,741,136)	(25,217,248)	(6,277,852)	0	(417,337)	(127,734,251)
Restated Balance at 30 June 2021		219,369,150	41,760,924	19,045,539	60,023,653	58,251,331	8,358,164	12,285,383	2,921,358	422,015,502
Additions		6,013,663	183,798	0	1,992,623	62,557	118,873	(4,707,690)	0	3,663,824
Revaluation increments / (decrements) transferred to revaluation surplus		(14,028,339)	(5,274,917)	6,446,512	(2,175,544)	20,451,906	787,004	0	0	6,206,622
Depreciation	10(a)	(4,980,033)	(791,014)	(325,324)	(3,760,345)	(2,071,128)	(432,090)	0	(417,337)	(12,777,271)
Balance at 30 June 2022		206,374,441	35,878,791	25,166,727	56,080,387	76,694,666	8,831,951	7,577,693	2,504,021	419,108,677
Comprises:										
Gross balance at 30 June 2022		206,374,441	35,878,791	25,166,727	56,080,387	76,694,666	8,831,951	7,577,693	3,338,695	419,943,351
Accumulated depreciation at 30 June 2022		0	0	0	0	0	0	0	(834,674)	(834,674)
Accumulated impairment loss at 30 June 2022										0
Balance at 30 June 2022		206,374,441	35,878,791	25,166,727	56,080,387	76,694,666	8,831,951	7,577,693	2,504,021	419,108,677

*See Note 32 for details regarding the prior period restatements as a result of the correction of prior year errors.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - Roads	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Parks, Recreation and C	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Aerodromes	Level 3	Cost approach using depreciated replacement cost	Independent Valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Miscellaneous Structure	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Landfill Post Closure Asset	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2022	Present value of restoration, rehabilitation, and site monitoring costs using inflation rates and discount rates (Level 3) inputs

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

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

The initial recognition of the landfill asset was based on the restoration, rehabilitation and site monitoring costs of the landfill. The City's landfill asset is considered to be of a specialised nature (non-market type assets which are not readily traded in the market place), such assets are valued by suitably experienced management personnel or independent qualified practitioners. The depreciation of the asset is based upon its useful life. All inputs require extensive professional judgement. Therefore, the City's landfill asset was classified as having been valued using Level 3 valuation inputs.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

10. FIXED ASSETS

(a) Depreciation

	Note	2022 Actual \$	2022 Budget \$	Restated * 2021 Actual \$
Buildings	8(a)	5,285,446	5,262,264	5,270,124
Furniture and equipment	8(a)	820,355	530,916	634,328
Plant	8(a)	1,369,609	1,170,384	1,288,166
Equipment	8(a)	240,502	90,096	201,550
Artwork & Sculptures	8(a)	47,116	0	46,249
Infrastructure - Roads	9(a)	4,980,033	5,060,820	4,791,126
Infrastructure - Footpaths	9(a)	791,014	762,636	778,847
Infrastructure - Drainage	9(a)	325,324	0	321,063
Infrastructure - Parks, Recreation and Open Space	9(a)	3,760,345	1,933,608	3,637,311
Infrastructure - Aerodromes	9(a)	2,071,128	2,046,588	2,061,521
Infrastructure - Miscellaneous Structures	9(a)	432,090	1,917,600	426,140
Landfill Post Closure Asset	9(a)	417,337	0	417,337
Right-of-use assets - Buildings	11(a)	181,219	149,172	117,726
		20,721,518	18,924,084	19,991,488

Depreciation rates

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

Asset Class	Useful life
Artworks	50 years
Buildings	10 to 100 years
Furniture and equipment	3 to 10 years
Plant and equipment	2 to 15 years
Infrastructure	
- Roads	12 to 80 years
- Pathways and Cycleways	10 to 80 years
- Aerodrome Assets	10 to 80 years
- Park Developments	15 to 30 years
- Bridges	60 years
- Drains and Stormwater Network	40 to 80 years
- Miscellaneous Structures	15 to 100 years
- Boat Ramps/ Jetties	25 years
- Lighting	15 to 20 years
Right of use	Based on the remaining lease period
Landfill Post Closure Asset	Based on open landfill cells (currently 9 years)

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

10. FIXED ASSETS (Continued)

(b) Disposals of assets

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings	76,475	0	0	(76,475)	750,000	1,500,000	750,000	0	41,740	0	0	(41,740)
Furniture and equipment	25,564	16,387	0	(9,177)	0	0	0	0	59,885	0	0	(59,885)
Plant	809,480	658,127	34,212	(185,565)	686,800	489,000	4,000	(201,800)	964,925	716,239	26,259	(274,945)
Equipment	2,076	10,418	8,342	0	0	0	0	0	15,719	16,121	9,242	(8,840)
Infrastructure - Roads	0	0	0	0	0	0	0	0	22,703	0	0	(22,703)
Infrastructure - Footpaths	0	0	0	0	0	0	0	0	6,279	0	0	(6,279)
Infrastructure - Drainage	0	0	0	0	0	0	0	0	3,037	0	0	(3,037)
Infrastructure - Parks, Recreation	0	0	0	0	0	0	0	0	20,741	0	0	(20,741)
Infrastructure - Aerodromes	0	0	0	0	0	0	0	0	967	0	0	(967)
	913,595	684,932	42,554	(271,217)	1,436,800	1,989,000	754,000	(201,800)	1,135,996	732,360	35,501	(439,137)

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Governance				
40000553 - Toyota Prado	28,636	37,500	8,864	0
Law, order, public safety				
40000618 - Isuzu DMax	20,645	21,250	605	0
40000197 - Trailer	5,178	2,360	0	(2,818)
40000331 - Ranger Trailer	1,693	1,200	0	(493)
Community amenities				
40000551 - Hookbin Truck	93,261	0	0	(93,261)
40000570 - Dump Truck	213,060	194,545	0	(18,515)
40000582 - Isuzu DMax	19,365	24,000	4,635	0
Recreation and culture				
30001668 - Gym equipment	1,265	7,200	5,935	0
30001378 - Treadmill	138	2,271	2,133	0
30001507 - Spin Cycle Bikes	673	947	274	0
30001724 - 2 x Treadmill	6,287	909	0	(5,378)
30001720 - Gym Equipment	2,148	2,148	0	0
30001721 - Gym Equipment	10,174	10,174	0	0
30001721 - Gym Equipment	2,343	2,343	0	0
30001717 - Assault Air Runner	4,612	813	0	(3,799)
40000264 - Mower	1,808	3,250	1,442	0
40000539 - Kubota Mower	6,037	5,000	0	(1,037)
40000550 - Toyota Hilux	12,550	16,750	4,200	0
40000563 - Toyota Hilux	14,750	17,500	2,750	0
40000572 - Holden Colorado	16,781	12,750	0	(4,031)
40000575 - Holden Colorado	20,264	19,000	0	(1,264)
40000578 - Holden Colorado	14,878	18,500	3,622	0
40000580 - Nissan Navara	15,717	10,250	0	(5,467)
Transport				
40000418 - Wheel Loader	96,079	72,727	0	(23,352)
40000495 - Mitsubishi Truck	56,233	45,000	0	(11,233)
40000505 - Mitsubishi Truck	63,059	51,818	0	(11,241)
40000560 - Toyota Hilux	19,102	23,000	3,898	0
40000593 - Holden Colorado	18,905	20,250	1,345	0
40000607 - Holden Colorado	21,590	22,500	910	0
40000293 - Forklift	10,931	2,727	0	(8,204)
Economic Services				
40000518 - Toyota Corolla	9,314	10,500	1,186	0
40000516 - Toyota Corolla	9,493	10,250	757	0
40000585 - Hyundai iLoad Van	20,151	15,500	0	(4,651)
	837,120	684,932	42,556	(194,744)
Buildings				
Housing				
1 Cook Close	5,017	0	0	(5,017)
10 Knight Place	17,596	0	0	(17,596)
11 Frinderstein Way	2,013	0	0	(2,013)
12 Knight Place	1,232	0	0	(1,232)
2 Cook Close	5,017	0	0	(5,017)
2 McRae Court	15,428	0	0	(15,428)
22A Shadwick Drive	1,975	0	0	(1,975)
4 McRae Court	4,586	0	0	(4,586)
5 Kwong Close	1,975	0	0	(1,975)
7 Teesdale Place	560	0	0	(560)
8 Knight Place	5,482	0	0	(5,482)
Recreation and culture				
BC000366 - The Youth Shed	7,011	0	0	(7,011)
Education and welfare				
BC000006 - Millars Well Early Learning	1,089	0	0	(1,089)
Law, order, public safety				
Roebourne/Wickham SES	7,494	0	0	(7,494)
	76,475	0	0	(76,475)
	913,595	684,932	42,554	(271,217)

10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

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

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

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

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next revaluation date in accordance with the mandatory measurement framework.

Revaluation

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

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

Revaluation (continued)

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

Depreciation

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

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

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

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 10(a).

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

11. LEASES

(a) Right-of-Use Assets

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

	Note	Right-of-use assets - Buildings \$	Right-of-use assets - land and buildings \$	Right-of-use assets - plant and equipment \$	Right-of-use assets Total \$
Balance at 1 July 2020		27,436	0	0	27,436
Additions		1,496,087	0	0	1,496,087
Depreciation	10(a)	(117,726)	0	0	(117,726)
Balance at 30 June 2021		1,405,797	0	0	1,405,797
Depreciation	10(a)	(181,219)	0	0	(181,219)
Balance at 30 June 2022		1,224,578	0	0	1,224,578

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

		2022 Actual \$	2021 Actual \$
Depreciation on right-of-use assets	10(a)	(181,219)	(117,726)
Interest expense on lease liabilities	28(b)	(24,480)	(17,221)
Total amount recognised in the statement of comprehensive income		(205,699)	(134,947)
Total cash outflow from leases		(154,286)	(108,250)

(b) Lease Liabilities

Current	27(b)	168,429	145,406
Non-current		1,074,652	1,227,481
	28(b)	1,243,081	1,372,887

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.

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - valuation measurement

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured 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 10 under revaluation for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

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

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

Refer to note 12 for details of leased investment property

SIGNIFICANT ACCOUNTING POLICIES

The City as Lessor

Upon entering into each contract as a lessor, the City assesses if the lease is a finance or operating lease.

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

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the City applies AASB 15 to allocate the consideration under the contract to each component.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

12. INVESTMENT PROPERTY

Non-current assets - at fair value

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Carrying balance at 1 July	31,300,000	0	25,619,936
Acquisitions	101,670	255,000	241,203
Works in progress	176,709	0	0
Net gain/(loss) from fair value adjustment	3,547,229	0	5,438,861
Closing balance at 30 June	35,125,608	255,000	31,300,000

Amounts recognised in profit or loss for investment properties

Rental income	3,911,156	0	3,161,328
Direct operating expenses from property that generated rental income	(2,410,097)	0	(1,798,627)
Fair value gain recognised in other income	3,547,229	0	5,438,861

Leasing arrangements

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

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

Less than 1 year	2,602,907	0	1,994,883
1 to 5 years	8,295,539	0	6,392,072
> 5 years	6,416,471	0	5,619,196

SIGNIFICANT ACCOUNTING POLICIES

Investment properties

Investment properties are principally freehold buildings, held for long-term rental yields and not occupied by the City. Investment properties are carried at fair value. In accordance with the significant accounting policies disclosed at Note 10.

Fair value of investment properties

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

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

13. TRADE AND OTHER PAYABLES

Current

	2022	2021
	\$	\$
Sundry creditors	7,156,870	8,131,863
Prepaid rates	572,418	470,420
Income received in advance	3,350,493	840,421
Accrued payroll liabilities	752,903	731,726
Other Liabilities	368,043	367,526
Retention Monies	484,266	371,758
Accrued Expenses	334,981	209,886
	13,019,974	11,123,600

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Trade and other payables

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

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

Prepaid rates

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

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

14. OTHER LIABILITIES

Current

Contract liabilities from contracts with customers
Contract liabilities from transfers for recognisable non financial assets

Restrictions

Municipal funded - Contract liabilities from contracts with customers
Reserve funded - Contract liabilities from contracts with customers
Municipal funded - Contract liabilities from transfers for recognisable non financial assets
Reserve funded - Contract liabilities from transfers for recognisable non financial assets

Reconciliation of changes in contract liabilities

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

2022	2021
\$	\$
0	446,609
0	527,072
0	973,681
2022	2021
\$	\$
0	345,963
0	100,646
0	88,303
0	438,769
0	973,681
973,681	2,119,876
0	973,681
(973,681)	(2,119,876)
0	973,681

The City satisfied the performance obligations from contracts with customers by the end of the reporting period.

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

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

Contract liabilities represent 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 the City which are yet to be satisfied. Capital grant/contribution liabilities are recognised as revenue when the obligations in the contract are satisfied.

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

15. BORROWINGS

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Self Supporting Loans		16,854	0	16,854	16,416	16,853	33,269
Total borrowings	27(b) 28(a)	16,854	0	16,854	16,416	16,853	33,269

Secured liabilities and assets pledged as security

Other loans relate to transferred receivables. Refer to Note 5.

SIGNIFICANT 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 24(i)) due to the unobservable inputs, including own credit risk.

Risk

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

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

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

16. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions

Employee benefit provisions

Annual Leave

Long Service Leave

Non-current provisions

Long Service Leave

	2022	2021
	\$	\$
Annual Leave	2,694,123	2,856,107
Long Service Leave	1,755,241	1,963,930
	4,449,364	4,820,037
Long Service Leave	397,152	473,844
	397,152	473,844
	4,846,516	5,293,881

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

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

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

More than 12 months from reporting date

Note	2022	2021
	\$	\$
Less than 12 months after the reporting date	4,449,364	4,820,037
More than 12 months from reporting date	397,152	473,844
	4,846,516	5,293,881

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

17. OTHER PROVISIONS

	Note	Make good provisions \$	Provision for remediation costs \$	Total \$
Opening balance at 1 July 2021				
Non-current provisions		60,000	14,022,863	14,082,863
		60,000	14,022,863	14,082,863
Additional provision		0	(295,212)	(295,212)
Amounts used		0	(2,042,188)	(2,042,188)
Charged to profit or loss				
- unwinding of discount	2(b)	0	46,947	46,947
Balance at 30 June 2022		60,000	11,732,409	11,792,409
Comprises				
Current		0	8,935,350	8,935,350
Non-current		60,000	2,797,059	2,857,059
		60,000	11,732,409	11,792,409

Provision for remediation costs

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

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

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

Make good provision

Amounts which are reliably 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.

Provisions

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

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

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. REVALUATION SURPLUS

	2022	2022	2022	Total	2022	2021	2021	2021	Total	2021
	Opening	Revaluation	Revaluation	Movement on	Closing	Opening	Adjustment to	Revaluation	Movement on	Closing
	Balance	Increment	(Decrement)	Revaluation	Balance	Balance	Revaluation	(Decrement)	Revaluation	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	5,345,396	5,864,870	0	5,864,870	11,210,266	5,871,847	(526,451)	0	0	5,345,396
Revaluation surplus - Buildings	9,713,253	37,057,560	0	37,057,560	46,770,813	11,427,957	(1,607,014)	(107,690)	(107,690)	9,713,253
Revaluation surplus - Plant	19,018	0	0	0	19,018	196,222	(177,204)	0	0	19,018
Revaluation surplus - Equipment	47,248	0	0	0	47,248	16,825	30,423	0	0	47,248
Revaluation surplus - Artwork & Sculptures	47,997	0	0	0	47,997	47,998	(1)	0	0	47,997
Revaluation surplus - Infrastructure - Roads	147,263,789	0	(14,028,339)	(14,028,339)	133,235,450	146,984,331	474,968	(195,510)	(195,510)	147,263,789
Revaluation surplus - Infrastructure - Footpaths	35,598,190	0	(5,274,917)	(5,274,917)	30,323,273	30,722,547	4,875,643	0	0	35,598,190
Revaluation surplus - Infrastructure - Drainage	17,642,055	6,446,512	0	6,446,512	24,088,567	16,034,686	1,607,369	0	0	17,642,055
Revaluation surplus - Infrastructure - Parks, Recreation and Open Space	5,691,516	0	(2,175,544)	(2,175,544)	3,515,972	6,601,209	(896,707)	(12,986)	(12,986)	5,691,516
Revaluation surplus - Infrastructure - Aerodromes	17,215,720	20,451,906	0	20,451,906	37,667,626	17,008,351	207,369	0	0	17,215,720
Revaluation surplus - Infrastructure - Miscellaneous Structures	2,463,409	787,004	0	787,004	3,250,413	1,406,296	1,057,113	0	0	2,463,409
Revaluation surplus - Landfill Post Closure Asset	0	295,213	0	295,213	295,213	0	0	0	0	0
	241,047,591	70,903,065	(21,478,800)	49,424,265	290,471,856	236,318,269	5,045,508	(316,186)	(316,186)	241,047,591

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.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

19. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	Note	2022 Actual \$	2022 Budget \$	Restated * 2021 Actual \$
Cash and cash equivalents	3	18,701,445	65,818,468	60,871,828
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	14,264,524	45,630,716	57,002,422
- Financial assets at amortised cost	4	63,761,000	16,553,135	16,553,135
		78,025,524	62,183,851	73,555,557
The restricted financial assets are a result of the following specific purposes to which the assets may be used:				
Restricted reserve accounts	29	78,025,524	62,183,851	73,555,557
Total restricted financial assets		78,025,524	62,183,851	73,555,557

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

Net result		14,363,886	14,640,461	16,944,523
Non-cash items:				
Adjustments to fair value of financial assets at fair value through profit and loss		(6,994)	0	(6,542)
Adjustments to fair value of investment property		(3,547,229)	0	(5,438,861)
Depreciation/amortisation		20,721,518	18,924,084	19,991,488
(Profit)/loss on sale of asset		228,663	(1,841,248)	403,636
(Profit)/loss on land held for resale		(680,608)	0	0
of remediation costs		295,213	0	176,038
(Increase)/decrease in trade and other receivables		(2,019,772)	2,972,235	1,457,551
(Increase)/decrease in contract assets		56,479	0	(691,479)
(Increase)/decrease in inventories		(2,255,228)	0	(435,301)
Increase/(decrease) in trade and other payables		1,446,369	1,500,000	4,928,294
Increase/(decrease) in employee related provisions		(447,365)	550,000	218,193
Increase/(decrease) in other provisions		(2,290,455)	0	60,000
Increase/(decrease) in other liabilities		(973,681)	0	(1,146,195)
Non-operating grants, subsidies and contributions		(3,141,659)	(8,700,142)	(4,926,429)
Net cash provided by/(used in) operating activities		21,749,137	28,045,390	31,534,916

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit	1,000,000	1,000,000
Bank overdraft at balance date	0	0
Credit card limit	110,000	110,000
Credit card balance at balance date	0	0
Total amount of credit unused	1,110,000	1,110,000

Loan facilities

Loan facilities - current	16,854	16,416
Loan facilities - non-current	0	16,853
Total facilities in use at balance date	16,854	33,269

*See Note 32 for details regarding the prior period restatements as a result of the correction of prior year errors.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

20. CONTINGENT LIABILITIES

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

- Roebourne Airport
- Karratha Airport
- Karratha Depot

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

21. CAPITAL COMMITMENTS

	2022	2021
	\$	\$
Contracted for:		
Bayly Ave Realingment	0	829,263
City Housing	1,088,859	3,465,783
Dampier Boat Ramp Jetties	0	690,435
Karratha Leisureplex Facility Improvement Study	183,788	478,675
Kevin Richards Memorial Oval	53,410	901,950
Kevin Richards Memorial Oval Change and Club Room	8,001,171	0
Murujuga Access Road	133,505	170,149
Point Samson Fishing Platform	0	103,853
Roebourne Streetscape	72,881	110,208
Shade Structure Panels	0	160,700
Walgu Park	2,385	42,190
Wickham Aquatic Centre	0	355,818
Wickham Community Hub Public Art	0	110,000
Windy Ridge & Hampton Oval	47,275	52,375
Youth Shed Refurbishment	0	205,845
Lot 7020 Development Proposal	147,450	0
KLP Gym and Function Room Redevelopment	27,891	0
Housing Construction - Jingarri Sites	1,284,893	0
Shakespeare Precinct Redevelopment	2,780,293	0
Building Improvements	443,985	252,547
Equipment Purchases	3,986	61,977
Information Technology Projects	75,913	117,487
Karratha Revitalisation Strategy	0	25,300
Land Development	0	2,082,249
Parks & Landscaping	0	306,714
Pathway Projects	0	66,156
Playground Replacement/Upgrade	170,497	25,110
Road Projects	3,181,939	5,755
Plant Purchases	400,579	484,644
	18,100,700	11,105,183
Payable:		
- not later than one year	18,100,700	11,105,183

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

22. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

Mayor - Cr Peter Long

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Mayor's annual allowance	89,753	89,753	89,753
Meeting attendance fees	47,516	47,516	47,516
Expense Reimbursement	323	0	0
Other expenses	4,178	2,500	316
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	450	2,800	600
Non cash benefits	417	0	0
	146,137	146,069	141,685

Deputy Mayor - Cr Kelly Nunn

Deputy Mayor's annual allowance	22,438	22,438	22,438
Meeting attendance fees	31,678	31,678	31,678
Expense Reimbursement	87	0	0
Other expenses	5,514	2,500	0
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	0	2,800	2,343
Non Cash Benefits	417	0	0
	63,634	62,916	59,959

Cr Garry Bailey

Meeting attendance fees	31,678	31,678	31,678
Expense Reimbursement	45	0	0
Other expenses	2,884	2,500	0
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	0	2,800	1,055
	38,107	40,478	36,233

Cr Margaret Bertling

Meeting attendance fees	31,678	31,678	31,678
Expense Reimbursement	83	2,500	0
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	0	2,800	0
Non Cash Benefits	417	0	0
	35,678	40,478	35,178

Cr Georgia Evans (Councillor until 8 January 2021)

Meeting attendance fees	0	0	16,664
Annual allowance for ICT expenses	0	0	1,841
Travel and accommodation expenses	0	0	1,204
	0	0	19,709

Cr Jamie Armstrong (retired)

Meeting attendance fees	9,373	31,678	8,787
Other expenses	0	2,500	0
Annual allowance for ICT expenses	1,036	3,500	971
Travel and accommodation expenses	0	2,800	0
	10,409	40,478	9,758

Cr Daniel Scott

Meeting attendance fees	31,678	31,678	31,678
Expense Reimbursement	35	0	0
Other expenses	175	2,500	0
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	0	2,800	0
Non Cash Benefits	417	0	0
	35,805	40,478	35,178

Cr Evette Smeathers (retired)

Meeting attendance fees	9,373	31,678	31,678
Expense Reimbursement	0	2,500	0
Annual allowance for ICT expenses	1,036	3,500	3,500
Travel and accommodation expenses	0	2,800	0
	10,409	40,478	35,178

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

22. RELATED PARTY TRANSACTIONS (Continued)

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cr Daiva Gillam (elected 17/10/2021)			
Meeting attendance fees	22,334	0	0
Annual allowance for ICT expenses	2,468	0	0
	24,802	0	0
Cr Pablo Miller			
Meeting attendance fees	31,678	31,678	31,678
Expense Reimbursement	0	2,500	0
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	0	2,800	0
Non Cash Benefits	417	0	0
	35,595	40,478	35,178
Cr Travis McNaught (elected 16/10/2021)			
Meeting attendance fees	22,334	0	0
Annual allowance for ICT expenses	2,468	0	0
	24,802	0	0
Cr Joanne Waterstrom-Muller			
Meeting attendance fees	31,678	31,678	31,678
Expense Reimbursement	252	0	0
Other expenses	0	2,500	0
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	0	2,800	0
Non Cash Benefits	417	0	0
	35,847	40,478	35,178
Cr Geoffrey Harris			
Meeting attendance fees	31,678	31,678	31,678
Expense Reimbursement	62	0	0
Other expenses	0	2,500	0
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	0	2,800	0
Non Cash Benefits	417	0	0
	35,657	40,478	35,178
Cr Gillian Furlong (elected 16/10/2021)			
Meeting attendance fees	22,334	22,310	0
Expense Reimbursement	45	0	0
Other expenses	535	1,762	0
Annual allowance for ICT expenses	2,468	2,461	0
Travel and accommodation expenses	0	2,000	0
	25,382	28,533	0
	522,264	561,342	478,412
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
Mayor's annual allowance	89,753	89,753	89,753
Deputy Mayor's annual allowance	22,438	22,438	22,438
Meeting attendance fees	355,010	354,928	326,391
Expense Reimbursement	932	7,500	0
Other expenses	13,286	19,262	316
Annual allowance for ICT expenses	37,476	37,461	34,312
Travel and accommodation expenses	450	30,000	5,202
Annual allowance for travel and accommodation expenses	2,919	0	0
	522,264	561,342	478,412

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

22. RELATED PARTY TRANSACTIONS (Continued)

(b) Key Management Personnel (KMP) Compensation

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

	2022 Actual	2021 Actual
	\$	\$
Short-term employee benefits	1,430,878	1,366,731
Post-employment benefits	135,378	129,420
Employee - other long-term benefits	209,281	180,071
Employee - termination benefits	52,261	0
	1,827,798	1,676,222

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

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

(c) Transactions with related parties

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

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

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

	2022 Actual	2021 Actual
	\$	\$
Sale of goods and services	6,196	5,830
Purchase of goods and services	121,492	24,200

Amounts outstanding from related parties:

Trade and other receivables	706	720
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Amounts payable to related parties:

Trade and other payables	795	180
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22. RELATED PARTY TRANSACTIONS (Continued)

(d) Related Parties

The City's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

An associate person of KMP was employed by the City under normal employment terms and conditions.

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the City.

iii. Entities subject to significant influence by the City

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence.

Significant influence may be gained by share ownership, statute or agreement.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

23. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2022					
Cash and cash equivalents	0.75%	18,701,445	5,008,014	13,693,431	0
Financial assets at amortised cost - term deposits	2.52%	63,761,000	63,761,000	0	0
Financial assets at amortised cost - self supporting loans	2.65%	15,470	15,470	0	0
Loans receivable - clubs/institutions	4.01%	2,902,531	2,902,531	0	0
2021					
Cash and cash equivalents	1.08%	60,871,828	0	60,871,828	0
Financial assets at amortised cost - term deposits	0.81%	16,550,052	16,550,052	0	0
Financial assets at amortised cost - self supporting loans	2.65%	15,470	15,470	0	0
Loans receivable - clubs/institutions	4.10%	655,614	655,614	0	0

Sensitivity

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

Impact of a 1% movement in interest rates on profit and loss and equity*

	2022 \$	2021 \$
	136,934	608,718

* Holding all other variables constant

Borrowings

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

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 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 ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total	Note
30 June 2022						
Rates receivable						
Expected credit loss	0.96%	2.44%	3.58%	31.02%		
Gross carrying amount	658,695	221,921	120,757	125,810	1,127,183	
Loss allowance	6,292	5,404	4,324	39,026	55,046	5
30 June 2021						
Rates receivable						
Expected credit loss	0.98%	4.41%	18.96%	53.12%		
Gross carrying amount	972,885	294,659	116,337	137,724	1,521,605	
Loss allowance	9,565	13,008	22,056	73,158	117,787	5

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total	
30 June 2022						
Trade and other receivables						
Expected credit loss	2.07%	1.46%	94.06%	96.07%		
Gross carrying amount	4,628,462	400,101	7,481	1,350,760	6,386,804	
Loss allowance	95,578	5,829	7,036	1,297,651	1,406,094	5
30 June 2021						
Trade and other receivables						
Expected credit loss	0.00%	0.00%	0.00%	80.58%		
Gross carrying amount	3,622,721	124,814	0	2,338,218	6,085,753	
Loss allowance	0	0	0	1,884,228	1,884,228	5

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

23. FINANCIAL RISK MANAGEMENT (Continued)

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

	Rates receivable		Trade and other receivables		Contract Assets	
	2022 Actual	2021 Actual	2022 Actual	2021 Actual	2022 Actual	2021 Actual
Opening loss allowance as at 1 July	\$ 117,787	\$ 47,900	\$ 1,884,228	\$ 1,720,154	\$ 0	\$ 0
Receivables written off during the year as uncollectible	0	0	(561,277)	(231,097)	0	0
Unused amount reversed	(62,741)	69,887	83,143	395,171	0	0
Closing loss allowance at 30 June	55,046	117,787	1,406,094	1,884,228	0	0

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

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

Contract Assets

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

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 21(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
<u>2022</u>	\$	\$	\$	\$	\$
Trade and other payables	13,019,974	0	0	13,019,974	12,569,969
Borrowings	16,854	0	0	16,854	16,854
Contract liabilities	0	0	0	0	0
Lease liabilities	168,429	528,100	546,551	1,243,080	1,243,081
	13,205,257	528,100	546,551	14,279,908	13,829,904
<u>2021</u>					
Trade and other payables	11,123,600	0	0	11,123,600	11,123,600
Borrowings	16,416	16,853	0	33,269	33,269
Contract liabilities	973,681	0	0	973,681	973,681
Lease liabilities	145,406	670,651	556,830	1,372,887	1,372,887
	12,259,103	687,504	556,830	13,503,437	13,503,437

24. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

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 cash generating non-specialised assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

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

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

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

k) Initial application of accounting standards

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

New accounting standards for application in future years

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

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

It is not expected these standards will have an impact on the financial report.

25. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

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

Objective	Description
Governance To provide a decision making process for the efficient allocation of scarce resources.	Functions relating to Councillors and the oversight of legislative compliance. Expenditure includes election costs as well as fees and allowances paid to elected members and other costs associated with members of Council. Governance also includes other tasks such as the City's internal audit function, Freedom of Information requests, Public Interest Disclosures and procurement policy development and oversight.
General purpose funding To collect revenue to allow for the provision of services.	Rating (including ex-gratia contributions), interest revenues, investment property revenues and general purpose Government grant functions. Includes the Financial Assistance Grant received from the Local Government Grants Commission and all other rate income.
Law, order, public safety To provide services to help ensure a safer and environmentally conscious community.	Supervision of various by-laws, fire and emergency services and animal control. Includes expenditure for Ranger Services, State Emergency Service and disaster preparation and recovery expenses.
Health To provide an operational framework for environmental and community health.	Food control, immunisation services, mosquito control and maintenance of child health centres. Expenditure includes the maintenance of the child health clinic buildings, various health promotions and pest control expenses primarily relating to mosquito control.
Education and welfare To provide services to disadvantaged persons, the elderly, children and youth.	Maintain preschool facilities and day care centres. This includes expenditure in maintaining the day care centre buildings and also donations to schools for awards etc.
Housing To provide and maintain staff housing.	Maintenance and operational expenses associated with the provision of staff housing.
Community amenities To provide services required by the community.	Rubbish collection services, operation of waste facility, administration of town planning schemes and operation of cemeteries. Also included are the costs associated with the maintaining and cleaning of public toilets.
Recreation and culture To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.	Maintenance and operation of halls, recreation and aquatic centres, various reserves and libraries. Expenditure includes the cost of the Karratha Leisureplex, Red Earth Arts Precinct, community hubs and other pavilions, ovals and parks maintenance, coastal rehabilitation, and four libraries. Expenses relating radio re-broadcasting are also included in this function.
Transport To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, drainage, footpaths, parking facilities and traffic signs. It also includes expenditure relating to parking control and the operation of the Karratha & Roebourne Airport.
Economic services To help promote the local government and its economic wellbeing.	Includes expenditure associated with operation of visitor services and camping grounds, in addition to the administration of building controls.
Other property and services To monitor and control operating accounts.	Includes private works on property and services not under the care, control and management of the City. It also includes expenditure relating to plant operations, technical services, town planning schemes and other unclassified works.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

25. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2022 Actual	2022 Budget	Restated * 2021 Actual
	\$	\$	\$
Income excluding grants, subsidies and contributions			
Governance	790,683	1,370,695	133,428
General purpose funding	50,073,619	49,403,627	48,055,649
Law, order, public safety	138,851	258,194	246,858
Health	177,085	153,850	148,108
Education and welfare	74,447	72,000	57,672
Housing	713,816	1,571,690	917,274
Community amenities	14,293,262	11,557,591	11,784,174
Recreation and culture	5,621,385	4,744,599	5,086,724
Transport	22,565,538	21,896,402	20,975,576
Economic services	866,307	601,976	6,080,039
Other property and services	526,651	685,710	799,101
	95,841,644	92,316,334	94,284,603
Grants, subsidies and contributions			
Governance	147,764	4,500	1,025,562
General purpose funding	2,420,826	2,827,042	2,628,058
Law, order, public safety	469,335	430,000	469,017
Health	14,066	12,557	75,417
Housing	800,000	0	0
Community amenities	513,056	40,000	166,431
Recreation and culture	7,657,177	14,282,576	10,207,635
Transport	4,001,924	7,043,269	7,231,427
Economic services	173,249	74,000	67,500
	16,197,397	24,713,944	21,871,047
Total Income	112,039,041	117,030,278	116,155,650
Expenses			
Governance	(2,895,878)	(4,613,589)	(2,691,249)
General purpose funding	2,876,795	(2,899,873)	(2,062,224)
Law, order, public safety	(1,812,398)	(1,728,644)	(1,404,236)
Health	(1,202,632)	(1,171,584)	(1,037,062)
Education and welfare	(156,558)	(163,917)	(186,876)
Housing	(1,099,573)	(764,129)	(935,892)
Community amenities	(16,266,518)	(19,685,710)	(17,777,498)
Recreation and culture	(42,368,284)	(40,804,315)	(43,647,174)
Transport	(29,765,936)	(26,785,435)	(26,794,279)
Economic services	(3,670,530)	(2,802,940)	(1,895,529)
Other property and services	(1,313,643)	(969,681)	(779,108)
Total expenses	(97,675,155)	(102,389,817)	(99,211,127)
Net result for the period	14,363,886	14,640,461	16,944,523

*See Note 32 for details regarding the prior period restatements as a result of the correction of prior year errors.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

25. FUNCTION AND ACTIVITY (Continued)

	2022 Actual	2022 Budget	2021 Actual
(c) Fees and Charges	\$	\$	\$
Governance	12,163	11,367	23,227
General purpose funding	3,227,273	2,927,526	2,741,080
Law, order, public safety	80,811	112,070	99,773
Health	177,085	153,850	148,107
Education and welfare	74,447	72,000	57,672
Housing	713,816	821,690	917,274
Community amenities	13,829,254	11,350,056	11,473,246
Recreation and culture	5,599,972	4,697,999	5,049,267
Transport	21,505,210	21,462,030	18,744,434
Economic services	863,828	641,976	636,857
Other property and services	197,839	514,710	305,237
	46,281,698	42,765,274	40,196,174

	2022	Restated * 2021
(d) Total Assets	\$	\$
Governance	47,248,299	10,898,249
General purpose funding	7,736,131	0
Law, order, public safety	3,519,537	3,094,113
Health	1,292,427	786,431
Education and welfare	2,464,850	2,493,083
Housing	53,106,136	19,725,108
Community amenities	71,497,780	28,536,687
Recreation and culture	217,367,239	211,848,805
Transport	428,579,009	411,518,576
Economic services	1,984,596	32,484,874
Other property and services	193,177	3,082,502
Unallocated	21,939,246	70,633,195
	856,928,427	795,101,623

*See Note 32 for details regarding the prior period restatements as a result of the correction of prior year errors.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

26. RATING INFORMATION

(a) General Rates

RATE TYPE Rate Description	Rate in \$	Number of Properties	2021/22 Actual Rateable Value *	2021/22 Actual Rate Revenue	2021/22 Actual Interim Rates	2021/22 Actual Back Rates	2021/22 Actual Total Revenue	2021/22 Budget Rate Revenue	2021/22 Budget Interim Rate	2021/22 Budget Back Rate	2021/22 Budget Total Revenue	2020/21 Actual Total Revenue
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Gross rental valuations												
Residential	0.118536	7,055	145,396,530	17,010,479	47,901	94,831	17,153,211	17,040,551	50,000	40,000	17,130,551	16,983,914
Commercial Industrial	0.101677	751	74,228,296	7,613,372	33,123	23,345	7,669,840	7,598,278	50,000	10,000	7,658,278	7,365,771
Airport/Strategic Industry	0.157867	29	13,361,030	2,092,459	15,292	36,372	2,144,123	2,092,459	20,000	10,000	2,122,459	2,072,247
Transient Workforce Accommodation/Workforce Accommodation	0.390527	25	17,835,340	6,307,824	282,918	0	6,590,742	6,263,936	0	0	6,263,936	6,139,038
							0				0	
Unimproved valuations												
Pastoral	0.104571	10	1,997,400	7,862,817	0	0	7,862,817	227,799	0	(62,500)	165,299	288,555
Mining/Other	0.134096	232	7,545,945	977,625	13,675	(74)	991,226	977,067	100,000	5,000	1,082,067	7,477,874
Strategic Industry	0.186544	30	42,149,932	215,905	(7,035)	(25,881)	182,989	7,862,817	66,159	0	7,928,976	955,150
Sub-Total		8,132	302,514,473	42,080,481	385,874	128,593	42,594,948	42,062,907	286,159	2,500	42,351,566	41,282,549
Minimum payment												
			\$									
Gross rental valuations											0	
Residential	1,563	1,539	12,484,185	2,405,457	0	0	2,405,457	2,407,020	0	0	2,407,020	2,337,441
Commercial Industrial	1,563	404	2,988,446	631,452	0	0	631,452	628,326	0	0	628,326	616,502
Airport/Strategic Industry	1,563	3	8,750	4,689	0	0	4,689	4,689	0	0	4,689	4,647
Transient Workforce Accommodation/Workforce Accommodation	1,563	0	0	0	0	0	0	0	0	0	0	0
							0				0	
Unimproved valuations												
Pastoral	328	0	0	0	0	0	0	0	0	0	0	0
Mining/Other	328	189	190,885	61,992	0	0	61,992	60,680	0	0	60,680	63,050
Strategic Industry	328	12	8	3,936	0	0	3,936	3,936	0	0	3,936	3,575
Sub-Total		2,147	15,672,274	3,107,526	0	0	3,107,526	3,104,651	0	0	3,104,651	3,025,215
Exempt properties												
Gross rental valuations		36	962,522	0	0	0	0	0	0	0	0	0
Unimproved valuations		3	374,000	0	0	0	0	0	0	0	0	0
Sub-Total		39	1,336,522	0	0	0	0	0	0	0	0	0
		10,318	319,523,269	45,188,007	385,874	128,593	45,702,474	45,167,558	286,159	2,500	45,456,217	44,307,764
Discounts on general rates (Refer note 26(f))							(125,975)				(126,000)	(31,069)
Concessions on general rates (Refer note 26(f))							(30,260)				(30,260)	(29,980)
Total amount raised from general rates							45,546,239				45,299,957	44,246,715

* Rateable value is based on the value of properties at the time the rate is raised.

(b) Rates (excluding general rates)

Ex-gratia Rates												
Karratha Solar Power				0	1,400	0	1,400	1,400	0	0	1,400	1,400
DBNGP Corridor				0	53,522	0	53,522	51,000	0	0	51,000	50,039
Sub-Total		0	0	0	54,922	0	54,922	52,400	0	0	52,400	51,439
Total amount raised from rates (excluding general rates)							54,922				52,400	51,439
(c) Total Rates							45,601,161				45,352,357	44,298,154

SIGNIFICANT ACCOUNTING POLICIES

Rates

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 *Income for not-for-profit entities*. Control over assets acquired from rates is obtained at the commencement of the rating period. Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the City recognises revenue for the prepaid rates that have not been refunded.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

26. RATING INFORMATION (Continued)

(d) Specified Area Rate

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(e) Service Charges

The City did not raise service charges for the year ended 30th June 2022.

The City of Karratha introduced a service charge for the 2014/15 financial year in relation to the Pilbara Underground Power Project (PUPP).

Service charges paid prior to the end of the 2017/18 financial year were transferred to the Pilbara Underground Power Reserve to fund expenditure over the life of the project. The project was completed in 2017/18.

While the project has been completed, Council offered some ratepayers the option to pay their service charges by 40 instalments over 10 years up to 30 June 2024. Outstanding service charges continue to be paid in accordance with the prescribed instalment option.

Waivers or Concessions

**Rate or Fee and
Charge to which
the Waiver or
Concession is Granted**

	Type	Discount %	Discount \$	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cossack (GRV)	Concession		1,513	30,260	30,260	29,980
Fees and Charges	Waiver	As determined on application		166,422	35,000	42,050
Rates	Waiver	As determined on application		125,975	126,000	31,069
Rates and Penalty interest	Write Off	As determined on application		38,655	74,000	0
Fees and Charges	Write Off	As determined on application		561,277	50,000	73,105
				922,589	315,260	176,204
Total discounts/concessions				922,589	315,260	176,204

**Rate or Fee and
Charge to which
the Waiver or
Concession is Granted**

**Circumstances in which
the Waiver or Concession is
Granted and to whom it was
available**

**Objects of the Waiver
or Concession**

**Reasons for the Waiver
or Concession**

Cossack (GRV)	All 20 rateable properties within the Cossack Township	To provide rating relief to property owners in the Cossack Township	To recognise the heritage nature of the Cossack Township, development restrictions, and lack of town utilities
Fees and Charges	Fee Waivers for local Not for Profit and Community Organisations considered upon application for the use of the City's waste and recreational facilities	To assist local Not for Profit Community Organisations to remain viable	To recognise the community benefit provided by local Not for Profit Community Organisations
	Fee Waivers for Economic Development purposes considered on an individual basis by Council or administratively by delegated authority	To encourage economic diversity and growth within the City of Karratha	To ensure a diverse economy for the future prosperity of the City of Karratha
	General Fee Waivers considered on an individual basis administratively by delegated authority	To ensure business continuity, administrative efficiency and marketing opportunities	To minimise the administrative costs of the City and it's partners in doing business
Rates	Waiver of Fees and Charges for local Community Groups where no commercial return is derived from the property	To assist local Community Groups to remain operational	To recognise the community benefit provided by local sporting organisations
Rates and Penalty interest	Considered on an individual basis by Council or administratively by delegated authority	To ensure efficiency and cost effectiveness in pursuing rates debts	To manage the City's rates register in an economically viable manner
Fees and Charges	Considered on an individual basis by Council or administratively by delegated authority	To ensure efficiency and cost effectiveness in pursuing sundry debts	To manage the City's debt portfolio in an economically viable manner

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

26. RATING INFORMATION (Continued)

(f) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	3/09/2021	0	0.00%	7.00%
Option Two				
First instalment	3/09/2021	0	4.50%	7.00%
Second instalment	17/01/2022	10	4.50%	7.00%
Option Three				
First instalment	3/09/2021	0	4.50%	7.00%
Second instalment	8/11/2021	10	4.50%	7.00%
Third instalment	17/01/2022	10	4.50%	7.00%
Fourth instalment	28/03/2022	10	4.50%	7.00%

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Interest on unpaid rates	165,874	240,000	126,485
Interest on instalment plan	90,106	158,000	86,827
Deferred Pensioner Interest	837	1,000	0
	256,817	399,000	213,312

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
PUPP Penalty Interest	4,175	12,000	(1,685)
PUPP Instalment Interest	42,616	40,000	40,815
PUPP Instalment Charges	3,940	4,450	4,450
	50,731	56,450	43,580

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

27. RATE SETTING STATEMENT INFORMATION

		2021/22 Budget (30 June 2022)	2021/22 Carried Forward (30 June 2022)	Restated * 2020/21 (30 June 2021)
	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 <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	10(b)	(723,162)	(2,043,048)	(35,501)
Less: Movement in liabilities associated with restricted cash		0	(122,710)	
Less: Fair value adjustments to financial assets at fair value through profit and loss		0	243,536	(6,542)
Add: Loss on disposal of assets	10(b)	271,217	201,800	439,137
Add: Depreciation	10(a)	20,721,518	18,924,084	19,991,488
Non-cash movements in non-current assets and liabilities:				
Investment property	12	(3,547,229)	0	(5,438,861)
Financial assets at amortised cost		(2,244,386)	0	0
Employee benefit Non-Current provision		(76,692)	0	16,764
Waste Non-Current provision		0	0	(393,793)
Contract Assets		181,220	0	0
Service concession liabilities		(454,051)	0	0
Inventory		0	0	394,988
Non-cash amounts excluded from operating activities		14,128,435	17,203,662	14,967,680
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserve accounts	29	(78,025,524)	(62,183,851)	(73,555,557)
Less: Financial assets at amortised cost - self supporting loans	4(a)	(15,470)	0	(16,454)
Add: Movement in accruals		161,994	(30,581)	196,089
Less: Provision for doubtful debts		0	(1,768,054)	(2,002,015)
Less: Movement in restricted surplus		(124,258)	0	(204,530)
Less: Current loans - clubs/institutions		(2,531)	0	(3,083)
- Land held for resale	6	(2,138,479)	(1,445,969)	(370,130)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	15	16,854	91,548	16,416
- Current portion of contract liability		0	541,260	0
- Current portion of lease liabilities	11(b)	168,429	132,763	145,406
Add: - Cash Backed Current Provisions		13,384,714	4,618,608	4,820,037
Add: Restricted Surplus/(Deficit) June 30 b/fwd		248,516	298,260	453,046
Less: Restricted Surplus/(Deficit) June 30 b/fwd		(124,258)	(150,000)	(248,516)
Total adjustments to net current assets		(66,450,013)	(59,896,016)	(70,769,291)
Net current assets used in the Rate Setting Statement				
Total current assets		97,785,503	73,142,618	88,300,652
Less: Total current liabilities		(26,589,971)	(13,242,080)	(17,079,140)
Less: Total adjustments to net current assets		(66,450,013)	(59,896,016)	(70,769,291)
Net current assets used in the Rate Setting Statement		4,745,519	4,522	452,221

*See Note 32 for details regarding the prior period restatements as a result of the correction of prior year errors.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

28. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual						Budget			
		Principal		Repayments		Principal		Principal		Repayments	
		Principal at 1 July 2020	New Loans During 2020-21	During 2020-21	Principal at 30 June 2021	New Loans During 2021-22	Repayments During 2021-22	Principal at 30 June 2022	Principal at 1 July 2021	New Loans During 2021-22	Principal at 30 June 2022
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Self Supporting Loans											
Karratha Country Club		213,756	0	(213,756)	0	0	0	0	144,225	0	(69,531)
Karratha RSL		49,258	0	(15,989)	33,269	0	(16,415)	16,854	33,269	0	(16,415)
Total Self Supporting Loans		263,014	0	(229,745)	33,269	0	(16,415)	16,854	177,494	0	(85,946)
Total Borrowings	15	263,014	0	(229,745)	33,269	0	(16,415)	16,854	177,494	0	(85,946)

* WA Treasury Corporation

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

Borrowing Interest Repayments

Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021
						\$	\$	\$
Self Supporting Loans Interest Repayments								
Karratha Country Club		General purpose funding	1	WATC	2.44%	0	(3,087)	(8,345)
Karratha RSL		General purpose funding	100	WATC	2.65%	(774)	(774)	(1,090)
Total Self Supporting Loans Interest Repayments						(774)	(3,861)	(9,435)
Total Interest Repayments	2(b)					(774)	(3,861)	(9,435)

(b) Lease Liabilities

Purpose	Note	Actual						Budget			
		Principal		Repayments		Principal		Principal		Repayments	
		Principal at 1 July 2020	New Leases During 2020-21	During 2020-21	Principal at 30 June 2021	New Leases During 2021-22	Repayments During 2021-22	Principal at 30 June 2022	Principal at 1 July 2021	New Leases During 2021-22	Principal at 30 June 2022
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ERP Project Office		0	82,434	(19,299)	63,135	0	(28,396)	34,739	0	0	0
Roebourne Library		27,829	42,732	(13,352)	57,209	0	(14,447)	42,762	12,830	0	(12,830)
Tambrey Indoor Play Centre		0	1,310,921	(58,378)	1,252,543	0	(86,963)	1,165,580	1,281,801	0	(119,933)
Total Lease Liabilities	11(b)	27,829	1,436,087	(91,029)	1,372,887	0	(129,806)	1,243,081	1,294,631	0	(132,763)

Lease Interest Repayments

Purpose	Note	Function and activity	Lease Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021	Lease Term
						\$	\$	\$	
ERP Project Office		Governance		Glensaid Pty Ltd	1.20%	(604)	0	(701)	3 years
Roebourne Library		Recreation and culture		Wawardu Ltd	2.30%	(1,153)	(170)	(2,254)	5 years
Tambrey Indoor Play Centre		Recreation and culture		Tambrey Developments	1.90%	(22,723)	(36,326)	(14,266)	10 years
Total Interest Repayments	2(b)					(24,480)	(36,496)	(17,221)	

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

29. RESERVE ACCOUNTS

	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance	2022 Budget Opening Balance	2022 Budget Transfer to	2022 Budget Transfer (from)	2022 Budget Closing Balance	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by legislation/agreement												
(a) Employee Entitlement Reserve	5,293,881	58,764	0	5,352,645	4,990,956	46,219	0	5,037,175	5,075,016	218,865	0	5,293,881
(b) Public Open Space Reserve	0	131,009	0	131,009	0	131,013	0	131,013	0	0	0	0
	5,293,881	189,773	0	5,483,654	4,990,956	177,232	0	5,168,188	5,075,016	218,865	0	5,293,881
Restricted by council												
(c) Aerodrome Reserve	3,524,751	39,126	(709,486)	2,854,391	3,525,063	32,640	0	3,557,703	3,490,740	34,011	0	3,524,751
(d) Carry Forward Budget Reserve	493,943	1,946,879	0	2,440,822	490,043	0	0	490,043	540,042	0	(46,099)	493,943
(e) Community Development Reserve	626,366	6,820	(52,943)	580,243	582,828	5,398	(46,966)	541,260	912,174	8,889	(294,697)	626,366
(f) Dampier Drainage Reserve	11,090	123	0	11,213	11,090	0	0	11,090	10,981	109	0	11,090
(g) Economic Development Reserve	1,336,789	14,839	0	1,351,628	1,174,546	10,878	0	1,185,424	1,323,650	13,139	0	1,336,789
(h) Infrastructure Reserve	36,292,721	15,394,115	(12,566,560)	39,120,276	29,953,464	18,334,572	(24,449,023)	23,839,013	25,669,325	14,115,922	(3,492,526)	36,292,721
(i) Medical Services Assistance Packa	378,476	4,050	(76,537)	305,989	351,113	3,250	(159,200)	195,163	404,535	4,014	(30,073)	378,476
(j) Mosquito Control Reserve	10,098	112	0	10,210	10,100	93	0	10,193	9,999	99	0	10,098
(k) Partnership Reserve	6,542,071	72,619	0	6,614,690	6,226,468	9,457,655	(3,548,111)	12,136,012	7,361,482	4,612,090	(5,431,501)	6,542,071
(l) Restricted Funds Reserve	393,835	0	0	393,835	393,835	0	0	393,835	1,615,999	0	(1,222,164)	393,835
(m) Waste Management Reserve	18,254,991	202,635	0	18,457,626	17,511,379	186,177	(3,441,882)	14,255,674	19,854,280	197,755	(1,797,044)	18,254,991
(n) Workers Compensation Reserve	396,545	4,402	0	400,947	396,580	3,673	0	400,253	392,649	3,896	0	396,545
(o) Walkington Theatre Reserve	0	0	0	0	0	0	0	0	33,315	331	(33,646)	0
(p) Plant Replacement Reserve	0	0	0	0	0	0	0	0	812,416	8,063	(820,479)	0
	68,261,676	17,685,720	(13,405,526)	72,541,870	60,626,509	28,034,336	(31,645,182)	57,015,663	62,431,587	18,998,318	(13,168,229)	68,261,676
	73,555,557	17,875,493	(13,405,526)	78,025,524	65,617,465	28,211,568	(31,645,182)	62,183,851	67,506,603	19,217,183	(13,168,229)	73,555,557

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

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:

29. RESERVE ACCOUNTS (Continued)

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

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

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

30. TRUST FUNDS

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

	1 July 2021	Amounts Received	Amounts Paid	30 June 2022
	\$	\$	\$	\$
Public Open Space Contributions	611,767	0	0	611,767
Karratha Agistment Centre Compensation Funds	206,780	0	0	206,780
Other Bonds & Guarantees	22,348	0	0	22,348
VAST	12,261	96	(12,261)	96
North West Defence Alliance	6,100	10,100	(15,096)	1,104
Ranger Bonds	0	4,665	0	4,665
Unclaimed Monies	2,983	0	0	2,983
	862,239	14,861	(27,357)	849,743

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

31. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

KARRATHA AIRPORT - OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Revenue			
Fees and Charges	21,155,244	14,675,567	15,863,989
Terminal Leases	349,216	309,298	219,208
Grants and Contributions	2,002,671	1,092,400	1,853,515
Other Revenue	57,055	2,699,584	1,849,364
	<u>23,564,186</u>	<u>18,776,849</u>	<u>19,786,076</u>
Expenditure			
Employee Costs	(1,819,191)	(2,698,807)	(2,711,369)
Materials & Contracts	(4,202,350)	(15,205,332)	(4,430,483)
Utilities	(1,649,277)	(1,896,772)	(1,603,109)
Insurance	(586,265)	(457,620)	(510,322)
Depreciation	(3,427,791)	(3,005,086)	(3,314,470)
Other Expenditure	(42,699)	(44,657)	(172,282)
	<u>(11,727,573)</u>	<u>(23,308,274)</u>	<u>(12,742,035)</u>
Net Operating Result	11,836,613	(4,531,425)	7,044,041
Capital Expenditure	(1,528,049)	(10,301,263)	(8,138,031)
Total Net Trading Undertaking	10,308,564	(14,832,688)	(1,093,989)
CURRENT ASSETS			
Trade and other receivables	5,572,769		4,635,338
Reserves - Cash Backed	2,854,392		3,524,751
	<u>8,427,161</u>		<u>8,160,089</u>
NON CURRENT ASSETS			
Buildings	47,996,347		46,588,706
Less Accumulated Depreciation	(9,387,448)		(5,798,901)
Infrastructure	83,235,999		84,551,362
Less Accumulated Depreciation	(25,939,283)		(20,206,683)
Plant & Equipment	862,328		780,442
Less Accumulated Depreciation	(269,771)		(145,642)
Furniture & Equipment	417,652		417,652
Less Accumulated Depreciation	(154,320)		(78,524)
Artwork	147,500		147,500
Less Accumulated Depreciation	(11,808)		(2,950)
	<u>96,897,196</u>		<u>106,252,962</u>
CURRENT LIABILITIES			
Trade and other payables	651,504		1,985,679
	<u>651,504</u>		<u>1,985,679</u>
NET ASSETS	104,672,853		112,427,372
EQUITY			
Reserves - cash backed	2,854,392		3,524,751
Retained surplus	101,818,461		108,902,621
TOTAL EQUITY	104,672,853		112,427,372
Transfer to/(from) City Operations	8,026,975		(4,469,579)

The City operates the only public airport within the district and operates the aerodrome with the purpose of producing a profit.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

31. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS (Continued)

THE QUARTER - OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

	2022	2022	2021
	Actual	Budget	Actual
	\$	\$	\$
Revenue			
Leases	2,630,357	2,338,062	2,180,370
Other Revenue	1,280,799	764,532	980,958
	<u>3,911,156</u>	<u>3,102,594</u>	<u>3,161,328</u>
Expenditure			
Employee Costs	(321)	0	0
Materials & Contracts	(1,068,707)	(787,164)	(841,146)
Utilities	(386,155)	(371,357)	(402,528)
Insurance	(87,434)	(82,368)	(74,879)
Other Expenditure	(867,480)	(972,618)	(356,948)
	<u>(2,410,097)</u>	<u>(2,213,507)</u>	<u>(1,675,501)</u>
Net Operating Result	1,501,059	889,087	1,485,827
Fair value adjustments to investment property	3,547,229	0	(5,922,835)
Total Net Trading Undertaking	5,048,288	889,087	(4,437,008)
CURRENT ASSETS			
Trade and other receivables	180,462		67,704
	<u>180,462</u>		<u>67,704</u>
NON CURRENT ASSETS			
Land	2,500,000		1,500,000
Buildings	32,625,608		28,500,000
	<u>35,125,608</u>		<u>30,000,000</u>
CURRENT LIABILITIES			
Trade and other payables	0		3,893
	<u>0</u>		<u>3,893</u>
NET ASSETS	35,306,070		30,063,811
EQUITY			
Retained surplus	35,306,070		30,063,811
TOTAL EQUITY	35,306,070		30,063,811

As part of the City's investment strategy, a commercial property 'The Quarter', was purchased in June 2017.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

32. CORRECTION OF PRIOR YEAR ERROR

Post Closure Asset Correction

The Karratha Landfill Post Closure Asset (PCA) for Cell 0 ceased operations in August 2020. The PCA is to be expensed in 2019/20 and any relating depreciation 2020/21 to be reversed. The error has been corrected by restating each of the affected financial statement line items for the prior period as follows.

Statement of Financial Position (Extract)	1 July 2020 \$	Adjustments \$	1 July 2020 (Restated) \$
Non Current Assets			
Infrastructure	426,824,872	(10,508,130)	416,316,742
Equity			
Retained surplus	452,276,363	(10,508,130)	441,768,233

Statement of Financial Position (Extract)	30 June 2021 \$	Adjustments \$	30 June 2021 (Restated) \$
Non Current Assets			
Infrastructure	431,210,116	(9,194,614)	422,015,502
Equity			
Retained surplus	456,812,908	(9,194,614)	447,618,294

Statement of Comprehensive Income (Extract)	2021 \$	Adjustments \$	2021 (Restated) \$
By Nature or Type			
Expenses			
Depreciation	(21,305,004)	1,313,516	(19,991,488)

Rate Setting Statement (Extract)	2021 \$	Adjustments \$	2021 (Restated) \$
By Nature or Type			

Expenditure from operating activities	2021 \$	Adjustments \$	2021 (Restated) \$
Depreciation	(21,305,004)	1,313,516	(19,991,488)
Non-cash amounts excluded from operating activities	16,281,196	(1,313,516)	14,967,680

Note 9 - Infrastructure Landfill Post Closure Asset	2021 \$	Adjustments \$	2021 (Restated) \$
Balance as at 1 July 2020	13,846,825	(10,508,130)	3,338,695
Depreciation Expense	1,730,853	(1,313,516)	417,337
Carrying Amount at 30 June 2021	12,115,972	(9,194,614)	2,921,358
Comprises		0	
Gross carrying amount as at 30 June 2021	13,846,825	(10,508,130)	3,338,695
Accumulated depreciation at 30 June 2021	1,730,853	(1,313,516)	417,337
	12,115,972	(9,194,614)	2,921,358

Note 10 - Fixed Asset Depreciation	2021 \$	Adjustments \$	2021 (Restated) \$
Landfill Post Closure Asset	1,730,853	(1,313,516)	417,337

	2021	Adjustments	2021 (Restated)
Note 19 - Notes to Statement of Cash Flows	\$	\$	\$
Net Result	15,631,007	1,313,516	16,944,523
Depreciation	21,305,004	(1,313,516)	19,991,488

	2021	Adjustments	2021 (Restated)
Note 25 - Expenses by Function and Activity	\$	\$	\$
Community amenities	19,091,014	(1,313,516)	17,777,498

	2021	Adjustments	2021 (Restated)
Note 25 -Total Assets Classified by Function and Activity	\$	\$	\$
Community amenities	37,731,301	(9,194,614)	28,536,687

	2021	Adjustments	2021 (Restated)
Note 26 - Rate Setting Statement Information	\$	\$	\$
Non-cash amounts excluded from operating activities			
Adjustments to operating activities			
Add: Depreciation on non-current assets	21,305,004	(1,313,516)	19,991,488