

**CITY OF KARRATHA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**TABLE OF CONTENTS**

Statement by Chief Executive Officer	2
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Statement of Financial Activity	7
Index of Notes to the Financial Report	8
Independent Auditor's Report	56

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 2023**

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

**STATEMENT BY CEO**

The accompanying financial report of the City of Karratha has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

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

Signed on the 30 day of April 2024



Chief Executive Officer

Virginia Miltrup

Name of Chief Executive Officer



**CITY OF KARRATHA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2023**

				Restated *
	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
<b>Revenue</b>				
Rates	2(a),27	49,061,054	48,462,680	45,601,161
Grants, subsidies and contributions	2(a)	16,800,058	17,340,943	13,055,738
Fees and charges	2(a)	53,596,090	49,589,580	46,281,698
Interest revenue	2(a)	3,673,354	2,499,083	1,191,500
Other revenue	2(a)	1,458,989	855,117	2,044,123
		124,589,545	118,747,403	108,174,220
<b>Expenses</b>				
Employee costs	2(b)	(38,920,864)	(39,789,913)	(36,634,734)
Materials and contracts		(31,418,003)	(32,376,754)	(31,201,210)
Utility charges		(6,354,674)	(6,141,090)	(6,799,911)
Depreciation		(27,394,053)	(21,597,922)	(20,721,518)
Finance costs	2(b)	(118,838)	(130,735)	(72,201)
Insurance		(3,313,238)	(2,741,850)	(2,388,056)
Other expenditure	2(b)	(1,930,745)	(11,964,323)	(3,133,537)
		(109,450,415)	(114,742,587)	(100,951,167)
		15,139,130	4,004,816	7,223,053
Capital grants, subsidies and contributions	2(a)	2,822,864	5,903,824	3,141,659
Profit on asset disposals		519,054	864,000	42,554
Profit on disposal of land held for sale		0	0	680,608
Loss on asset disposals		(1,528,097)	(56,000)	(271,217)
Fair value adjustments to investment property	12	4,174,392	0	3,547,229
		5,988,213	6,711,824	7,140,833
<b>Net result for the period</b>	26(b)	<b>21,127,343</b>	<b>10,716,640</b>	<b>14,363,886</b>
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	18,32	220,098	0	44,492,500
<b>Total other comprehensive income for the period</b>	18	<b>220,098</b>	<b>0</b>	<b>44,492,500</b>
<b>Total comprehensive income for the period</b>		<b>21,347,441</b>	<b>10,716,640</b>	<b>58,856,386</b>

\*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 2023**

	NOTE	2023 \$	Restated * 2022 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	15,536,908	18,701,445
Trade and other receivables	5	12,200,400	11,593,034
Other financial assets	4(a)	73,024,711	63,776,470
Inventories	6	2,901,664	3,079,554
Other assets	7	654,000	635,000
<b>TOTAL CURRENT ASSETS</b>		<b>104,317,683</b>	<b>97,785,503</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	5	0	124,258
Other financial assets	4(b)	3,955,342	3,036,156
Property, plant and equipment	8,32	303,744,458	295,400,378
Infrastructure	9,32	414,283,217	419,300,181
Right-of-use assets	11(a)	1,044,196	1,224,578
Investment property	12	39,300,000	35,125,608
<b>TOTAL NON-CURRENT ASSETS</b>	<b>32</b>	<b>762,327,213</b>	<b>754,211,159</b>
<b>TOTAL ASSETS</b>	<b>32</b>	<b>866,644,896</b>	<b>851,996,662</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	12,187,618	13,019,974
Other liabilities	14	280,000	0
Lease liabilities	11(b)	134,325	168,429
Borrowings	15	24,765	16,854
Employee related provisions	16	4,061,537	4,449,364
Other provisions	17	0	8,935,350
<b>TOTAL CURRENT LIABILITIES</b>		<b>16,688,245</b>	<b>26,589,971</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	11(b)	940,327	1,074,652
Borrowings	15	19,186	0
Employee related provisions	16	340,444	397,152
Other provisions	17	6,231,423	2,857,059
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>7,531,380</b>	<b>4,328,863</b>
<b>TOTAL LIABILITIES</b>		<b>24,219,625</b>	<b>30,918,834</b>
<b>NET ASSETS</b>	<b>32</b>	<b>842,425,271</b>	<b>821,077,828</b>
<b>EQUITY</b>			
Retained surplus		472,216,783	457,512,213
Reserve accounts	30	84,448,299	78,025,524
Revaluation surplus	18,32	285,760,189	285,540,091
<b>TOTAL EQUITY</b>	<b>32</b>	<b>842,425,271</b>	<b>821,077,828</b>

\*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 2023**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2021</b>		<b>447,618,294</b>	<b>73,555,556</b>	<b>241,047,591</b>	<b>762,221,441</b>
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 reserve accounts	30	13,405,526	(13,405,526)	0	0
Transfers to reserve accounts	30	(17,875,493)	17,875,493	0	0
<b>Balance as at 30 June 2022</b>		<b>457,512,213</b>	<b>78,025,523</b>	<b>290,471,856</b>	<b>826,009,592</b>
Correction of error	32	0	0	(4,931,765)	(4,931,765)
<b>Restated balance at 1 July 2022</b>		<b>457,512,213</b>	<b>78,025,523</b>	<b>285,540,091</b>	<b>821,077,827</b>
Comprehensive income for the period					
Net result for the period		21,127,343	0	0	21,127,343
Other comprehensive income for the period	18	0	0	220,098	220,098
Total comprehensive income for the period		21,127,343	0	220,098	21,347,441
Transfers from reserve accounts	30	30,848,592	(30,848,592)	0	0
Transfers to reserve accounts	30	(37,271,365)	37,271,365	0	0
<b>Balance as at 30 June 2023</b>		<b>472,216,783</b>	<b>84,448,299</b>	<b>285,760,189</b>	<b>842,425,271</b>

\*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 2023**

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		48,125,347	49,640,264	46,354,878
Grants, subsidies and contributions		14,266,725	17,340,943	12,206,395
Fees and charges		55,062,702	49,589,580	42,693,083
Interest revenue		3,673,354	2,499,083	1,191,500
Other revenue		1,458,989	855,117	2,044,123
		122,587,117	119,924,987	104,489,979
<b>Payments</b>				
Employee costs		(38,612,277)	(39,789,913)	(37,060,922)
Materials and contracts		(38,706,284)	(31,951,829)	(34,072,007)
Utility charges		(6,354,674)	(6,141,090)	(6,806,905)
Finance costs		(22,598)	(130,735)	(72,201)
Insurance paid		(3,313,238)	(2,741,850)	(2,388,056)
Goods and services tax paid		160,382	0	231,509
Other expenditure		(1,930,745)	(11,964,323)	(2,572,260)
		(88,779,434)	(92,719,740)	(82,740,842)
<b>Net cash provided by (used in) operating activities</b>	19(b)	33,807,683	27,205,247	21,749,137
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for financial assets at amortised cost - loans to clubs/institutions		(900,000)	(1,700,000)	(2,244,386)
Payments for development of land held for resale		0	(11,673)	0
Payments for financial assets at amortised cost - self supporting loans		(50,000)	15,402	0
Payments for purchase of property, plant & equipment		(15,350,610)	(34,530,497)	(15,490,300)
Payments for construction of infrastructure		(17,054,113)	(25,635,831)	(3,663,824)
Payments for investment property	12	0	0	(278,379)
Capital grants, subsidies and contributions		2,822,864	5,903,824	3,141,659
Placements for financial assets at amortised cost		(11,597,825)	63,758,469	(47,208,417)
Proceeds from financial assets at amortised cost - self supporting loans		24,765	0	16,454
Proceeds for loans financial assets at amortised cost - loans to clubs/institutions		0	0	552
Adjustments to fair value of investment property		4,174,392	0	0
Proceeds from sale of land held for resale		0	0	1,268,410
Proceeds from sale of property, plant & equipment		1,099,639	2,951,050	684,932
<b>Net cash provided by (used in) investing activities</b>		(36,830,888)	10,750,744	(63,773,299)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	29(a)	(22,903)	(16,854)	(16,415)
Payments for principal portion of lease liabilities	29(c)	(168,429)	(152,829)	(129,806)
Proceeds from new borrowings	29(b)	50,000	16,000,000	0
<b>Net cash provided by (used in) financing activities</b>		(141,332)	15,830,317	(146,221)
<b>Net increase (decrease) in cash held</b>		(3,164,537)	53,786,308	(42,170,383)
Cash at beginning of year		18,701,445	12,346,981	60,871,828
<b>Cash and cash equivalents at the end of the year</b>	19(a)	15,536,908	66,133,289	18,701,445

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



**CITY OF KARRATHA**  
**STATEMENT OF FINANCIAL ACTIVITY**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
Restricted surplus brought forward - Pilbara Underground Power	28	124,258	124,258	248,516
Unrestricted surplus brought forward		4,745,519	1,342,416	452,221
<b>NET CURRENT ASSETS - At start of financial year - surplus/(deficit)</b>		<b>4,869,777</b>	<b>1,466,674</b>	<b>700,737</b>
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities (excluding general rate)</b>				
Rates excluding general rates	27	57,250	54,922	54,922
Grants, subsidies and contributions		16,800,058	17,340,943	13,055,738
Fees and charges		53,596,090	49,589,580	46,281,698
Interest revenue		3,673,354	2,499,083	1,191,500
Other revenue		1,458,989	855,117	2,044,123
Profit on asset disposals		519,054	864,000	723,162
Fair value adjustments to investment property	12	4,174,392	0	3,547,229
		80,279,187	71,203,645	66,898,372
<b>Expenditure from operating activities</b>				
Employee costs		(38,920,864)	(39,789,913)	(36,634,734)
Materials and contracts		(31,418,003)	(32,376,754)	(31,201,210)
Utility charges		(6,354,674)	(6,141,090)	(6,799,911)
Depreciation		(27,394,053)	(21,597,922)	(20,721,518)
Finance costs		(118,838)	(130,735)	(72,201)
Insurance		(3,313,238)	(2,741,850)	(2,388,056)
Other expenditure		(1,930,745)	(11,964,323)	(3,133,537)
Loss on asset disposals		(1,528,097)	(56,000)	(271,217)
		(110,978,512)	(114,798,587)	(101,222,384)
Non-cash amounts excluded from operating activities	28(a)	23,344,482	20,789,922	14,128,435
<b>Amount attributable to operating activities</b>		<b>(7,354,843)</b>	<b>(22,805,020)</b>	<b>(20,195,577)</b>
<b>INVESTING ACTIVITIES</b>				
<b>Inflows from investing activities</b>				
Capital grants, subsidies and contributions		2,822,864	5,903,824	3,141,659
Proceeds from disposal of assets		1,099,639	2,951,050	1,953,342
Proceeds from financial assets at amortised cost - self supporting loans	15	24,765	15,402	16,454
Payments for financial assets at amortised cost - loans to clubs/institutions		(900,000)	0	(2,244,386)
		3,047,268	8,870,276	2,867,069
<b>Outflows from investing activities</b>				
Payments for land held for resale		0	(11,673)	0
Payments for property, plant and equipment	8(a)	(18,369,555)	(34,530,497)	(15,490,300)
Payments for construction of infrastructure	9(a)	(23,083,053)	(25,635,831)	(3,663,824)
Purchase of investment property	12	0	0	(278,379)
Payments for financial assets at amortised cost - self supporting loans		(50,000)	0	0
Payments for loans receivable - clubs/institutions		0	(1,700,000)	0
		(41,502,608)	(61,878,001)	(19,432,503)
Non-cash amounts excluded from investing activities	28(b)	2,813,333	0	0
<b>Amount attributable to investing activities</b>		<b>(35,642,007)</b>	<b>(53,007,725)</b>	<b>(16,565,434)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Inflows from financing activities</b>				
Proceeds from borrowings	29(a)	50,000	16,000,000	0
Transfers from reserve accounts	30	30,848,592	42,879,829	13,405,526
		30,898,592	58,879,829	13,405,526
<b>Outflows from financing activities</b>				
Repayment of borrowings	29(a)	(22,903)	(16,854)	(16,415)
Payments for principal portion of lease liabilities	29(c)	(168,429)	(152,829)	(129,806)
Transfers to reserve accounts	30	(37,271,365)	(32,725,087)	(17,875,493)
		(37,462,697)	(32,894,770)	(18,021,714)
<b>Amount attributable to financing activities</b>		<b>(6,564,105)</b>	<b>25,985,059</b>	<b>(4,616,188)</b>
<b>MOVEMENT IN SURPLUS OR DEFICIT</b>				
<b>Surplus or deficit at the start of the financial year</b>	28(c)	<b>4,745,520</b>	<b>1,466,674</b>	<b>700,737</b>
Amount attributable to operating activities		(7,354,843)	(22,805,020)	(20,195,577)
Amount attributable to investing activities		(35,642,007)	(53,007,725)	(16,565,434)
Amount attributable to financing activities		(6,564,105)	25,985,059	(4,616,188)
<b>Surplus/(deficit) before imposition of general rates</b>		<b>(44,815,435)</b>	<b>(48,361,012)</b>	<b>(40,676,462)</b>
<b>Total amount raised from general rates</b>	27	<b>49,003,804</b>	<b>48,407,758</b>	<b>45,546,239</b>
<b>Restricted surplus June 30 c/fwd - Pilbara Underground Power</b>		<b>62,129</b>	<b>0</b>	<b>124,258</b>
<b>Surplus or deficit after imposition of general rates</b>	28(c)	<b>4,126,240</b>	<b>46,746</b>	<b>4,745,519</b>

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



**CITY OF KARRATHA**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**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	15
Note 4	Other Financial Assets	15
Note 5	Trade and Other Receivables	16
Note 6	Inventories	17
Note 7	Other Assets	18
Note 8	Property, Plant and Equipment	19
Note 9	Infrastructure	21
Note 10	Fixed Assets	23
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	37
Note 24	Events Occurring After the End of the Reporting Period	41
Note 25	Other Significant Accounting Policies	42
Note 26	Function and Activity	43
 <b>Information required by legislation</b>		
Note 27	Rating Information	46
Note 28	Determination of Surplus or Deficit	49
Note 29	Borrowing and Lease Liabilities	50
Note 30	Reserve accounts	52
Note 31	Trust Funds	54
Note 32	Correction of error	55



**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**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 31 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;
- long service leave provision; and
- provision for rehabilitation of landfill; and
- estimation of uncertainties made in relation to lease accounting.

**Initial application of accounting standards**

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

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date
- AASB 2021-7a Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]
- AASB 2022-3 Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

These amendments have no material impact on the current annual financial report

**New accounting standards for application in future years**

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

- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current;
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates  
(This standard will result in a terminology change for significant accounting policies);
- AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply];
- AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback;
- AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants;
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards; and
- AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities  
(The amendment may result in changes to the fair value of non-financial assets - The impact is yet to be quantified).

Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**2. REVENUE AND EXPENSES**

**(a) Revenue**

**Contracts with customers**

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

<b>Revenue Category</b>	<b>Nature of goods and services</b>	<b>When obligations typically satisfied</b>	<b>Payment terms</b>	<b>Returns/Refunds/Warranties</b>	<b>Determination of transaction price</b>	<b>Allocating transaction price</b>	<b>Measuring obligations for returns</b>	<b>Timing of revenue recognition</b>
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
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

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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

**(a) Revenue (Continued)**

<b>Revenue Category</b>	<b>Nature of goods and services</b>	<b>When obligations typically satisfied</b>	<b>Payment terms</b>	<b>Returns/Refunds/Warranties</b>	<b>Determination of transaction price</b>	<b>Allocating transaction price</b>	<b>Measuring obligations for returns</b>	<b>Timing of revenue recognition</b>
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
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

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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

**(a) Revenue (Continued)**

<b>Revenue Category</b>	<b>Nature of goods and services</b>	<b>When obligations typically satisfied</b>	<b>Payment terms</b>	<b>Returns/Refunds/Warranties</b>	<b>Determination of transaction price</b>	<b>Allocating transaction price</b>	<b>Measuring obligations for returns</b>	<b>Timing of revenue recognition</b>
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

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

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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

**(a) Revenue (Continued)**

**Revenue Recognition**

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

**For the year ended 30 June 2023**

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

**For the year ended 30 June 2022**

<b>Nature</b>	<b>Contracts with customers</b>	<b>Capital grant/contributions</b>	<b>Statutory Requirements</b>	<b>Other</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Rates	0	0	45,546,239	54,922	45,601,161
Grants, subsidies and contributions	0	0	13,055,738	0	13,055,738
Fees and charges	46,281,698	0	0	0	46,281,698
Interest revenue	0	0	255,980	935,520	1,191,500
Other revenue	0	0	0	2,044,123	2,044,123
Capital grants, subsidies and contributions	0	3,141,659	0	0	3,141,659
<b>Total</b>	<b>46,281,698</b>	<b>3,141,659</b>	<b>58,857,957</b>	<b>3,034,565</b>	<b>111,315,879</b>

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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

**(a) Revenue (Continued)**

	<b>Note</b>	<b>2023 Actual</b>	<b>2022 Actual</b>
		<b>\$</b>	<b>\$</b>
<b>Assets and services acquired below fair value</b>			
Contributed assets		2,813,333	0
		2,813,333	0
<b>Interest revenue</b>			
Financial assets at amortised cost - self supporting loans		1,407	774
Interest on reserve account funds		2,364,930	786,051
Rates instalment and penalty interest		300,751	255,980
Trade and other receivables overdue interest		21,494	31,449
Other interest revenue		984,772	117,246
		3,673,354	1,191,500
The 2023 original budget estimate in relation to: Trade and other receivables overdue interest was \$36,000.			
<b>Fees and charges relating to rates receivable</b>			
Charges on instalment plan		60,920	154,585
The 2023 original budget estimate in relation to: Charges on instalment plan was \$60,000.			
<b>(b) Expenses</b>			
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report		86,000	72,060
- Other services – grant acquittals		5,150	3,500
		91,150	75,560
<b>Employee Costs</b>			
Employee benefit costs		38,148,729	36,153,621
Other employee costs		772,135	481,113
		38,920,864	36,634,734
<b>Finance costs</b>			
Waste Provisions: unwinding of discount		96,240	46,947
Borrowings		782	774
Lease liabilities		21,816	24,480
		118,838	72,201
<b>Other expenditure</b>			
Impairment losses on rates and statutory receivables		28	38,655
Impairment losses on trade and other receivables		0	561,277
Sundry expenses		1,930,717	2,533,605
		1,930,745	3,133,537

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**3. CASH AND CASH EQUIVALENTS**

Note	2023	2022
	\$	\$
Cash at bank and on hand	15,536,908	13,693,431
Term deposits	0	5,008,014
<b>Total cash and cash equivalents</b>	<b>15,536,908</b>	<b>18,701,445</b>
Held as		
- Unrestricted cash and cash equivalents	3,808,609	4,436,922
- Restricted cash and cash equivalents	11,728,299	14,264,523
	<b>15,536,908</b>	<b>18,701,445</b>

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

Details of restrictions on financial assets can be found at Note 23.

**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 or loss

**Financial assets at amortised cost**

Self supporting loans receivable

Loans receivable - clubs/institutions

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

Units in Local Government House Trust - opening balance

Units in Local Government House Trust - closing balance

	2023	2022
	\$	\$
	73,024,711	63,776,470
	73,024,711	63,776,470
	24,711	15,470
	73,000,000	63,758,469
	0	2,531
	73,024,711	63,776,470
	24,711	15,470
	73,000,000	63,761,000
	73,024,711	63,776,470
	3,819,186	2,900,000
	136,156	136,156
	3,955,342	3,036,156
	19,186	0
	3,800,000	2,900,000
	3,819,186	2,900,000
	136,156	136,156
	136,156	136,156

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 29(a) as self supporting loans. Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

**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 25 (i)) due to the observable market rates).

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

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

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

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

**Impairment and risk**

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

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**5. TRADE AND OTHER RECEIVABLES**

	Note	2023 \$	2022 \$
<b>Current</b>			
Rates and statutory receivables		2,076,385	1,144,144
Trade receivables		7,060,294	6,891,507
Other receivables		609,110	0
GST receivable		88,345	248,727
Allowance for credit losses of rates and statutory receivables		(43,201)	(55,046)
Allowance for credit losses of trade receivables	23(b)	(1,262,907)	(1,406,094)
Accrued income		2,913,967	3,353,267
Prepayments		758,407	1,416,529
		12,200,400	11,593,034
<b>Non-current</b>			
Service Charge		0	124,258
		0	124,258

**Reconciliation of changes in the allowance for impairment of receivables**

Balance at start of period	1,461,140	2,002,015
Unused amount reversed	(155,060)	20,402
Amounts written off during the period	28	(561,277)
Balance at end of period	1,306,108	1,461,140

**Disclosure of opening and closing balances related to contracts with customers**

	Note	30 June 2023 Actual \$	30 June 2022 Actual \$	1 July 2021 Actual \$
Information about receivables from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:				
Trade and other receivables from contracts with customers		10,583,371	12,034,288	9,578,074
Contract assets	7	654,000	635,000	0
Allowance for credit losses of trade receivables	5	(1,262,907)	(1,406,094)	(1,884,228)
Total trade and other receivables from contracts with customers		9,974,464	11,263,194	7,693,846

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates and statutory receivables**

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

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

**Trade receivables**

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

**Other receivables**

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

**Measurement**

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

**Classification and subsequent measurement**

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

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

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

**Impairment and risk exposure**

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



**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**6. INVENTORIES**

Note	2023	2022
	\$	\$
<b>Current</b>		
Fuel and materials	604,570	507,744
Corporate Uniform	32,525	38,000
Food, drinks & merchandise Roebourne Aquatic Centre	159	45,470
Food, drinks & merchandise Indoor Play Centre	3,089	6,232
Food, drinks & merchandise Wickham Recreation Precinct	2,545	2,687
Food, drinks & merchandise Karratha Leisureplex	5,404	7,004
Food, drinks & merchandise Red Earth Arts Precinct	11,277	24,390
Food, drinks & merchandise Karratha Visitor Centre	12,124	10,124
Land held for resale		
Cost of acquisition	255,568	463,500
Development costs	2,562,206	2,562,206
Disposal costs	(587,803)	(587,803)
Impairment loss	0	0
	<b>2,901,664</b>	<b>3,079,554</b>
The following movements in inventories occurred during the year:		
<b>Balance at beginning of year</b>	3,079,554	1,412,128
Inventories expensed during the year	(2,334,013)	(1,547,788)
Transfers from Inventory to PPE	(207,933)	0
Additions to inventory	2,364,056	3,215,214
<b>Balance at end of year</b>	<b>2,901,664</b>	<b>3,079,554</b>

**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 2023

7. OTHER ASSETS

Other assets - current  
 Contract assets

2023	2022
\$	\$
654,000	635,000
654,000	635,000

**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 23(b).

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**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 not subject to operating lease	Total land and buildings	Furniture and equipment	Plant	Equipment	Artwork & sculptures	Work in progress	Total property, plant and equipment
		\$	\$	\$		\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>		10,723,980	216,198,025	226,922,005	226,922,005	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	1,301,302	690,568	1,779,160	150,845	0	11,568,425	15,490,300
Disposals		0	(76,475)	(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	42,922,430	0	0	0	0	0	42,922,430
Depreciation	10(a)	0	(5,285,446)	(5,285,446)	(5,285,446)	(820,355)	(1,369,609)	(240,502)	(47,116)	0	(7,763,028)
Correction of prior period error	32	0	(5,123,269)	(5,123,269)	(5,123,269)	0	0	0	0	0	(5,123,269)
<b>Balance at 30 June 2022</b>		16,588,850	249,194,966	265,783,816	265,783,816	3,249,298	10,715,249	671,668	2,185,314	12,795,033	295,400,378
<b>Comprises:</b>											
Gross balance amount at 30 June 2022		16,588,850	249,194,966	265,783,816	265,783,816	5,229,909	13,702,392	1,161,285	2,357,620	12,795,033	301,030,055
Accumulated depreciation at 30 June 2022		0	0	0	0	(1,980,611)	(2,987,143)	(489,617)	(172,306)	0	(5,629,677)
<b>Balance at 30 June 2022</b>		16,588,850	249,194,966	265,783,816	265,783,816	3,249,298	10,715,249	671,668	2,185,314	12,795,033	295,400,378
Additions*		384,759	15,516,234	15,900,993	15,900,993	314,977	1,182,756	17,224	7,492	2,226,996	19,650,438
Disposals		0	(387,278)	(387,278)	(387,278)	(3,845)	(243,077)	(3,986)	0	(271,623)	(909,809)
Revaluation increments / (decrements) transferred to revaluation surplus		2,257,308	(2,037,210)	220,098	220,098	0	0	0	0	0	220,098
Transfers from Inventory		207,933	0	207,933	207,933	0	0	0	0	0	207,933
Depreciation	10(a)	0	(8,727,472)	(8,727,472)	(8,727,472)	(696,607)	(1,529,567)	(282,281)	(45,255)	0	(11,281,182)
Transfers		1,729,631	8,452,010	10,181,641	10,181,641	187,988	0	4,111	93,868	(10,011,006)	456,602
<b>Balance at 30 June 2023</b>		21,168,481	262,011,250	283,179,731	283,179,731	3,051,811	10,125,361	406,736	2,241,419	4,739,400	303,744,458
<b>Comprises:</b>											
Gross balance amount at 30 June 2023		21,168,481	277,722,691	298,891,172	298,891,172	5,717,848	14,505,800	1,171,806	2,458,386	4,739,400	327,484,412
Accumulated depreciation at 30 June 2023		0	(15,711,441)	(15,711,441)	(15,711,441)	(2,666,037)	(4,380,439)	(765,070)	(216,967)	0	(23,739,954)
<b>Balance at 30 June 2023</b>		21,168,481	262,011,250	283,179,731	283,179,731	3,051,811	10,125,361	406,736	2,241,419	4,739,400	303,744,458

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

During the year ended 30 June 2023	0	1,054,568	1,054,568	1,054,568	0	0	0	0	0	1,054,568
* Asset disposals include transfers of	0	0	0	0	0	0	0	0	-1,280,883	(1,280,883)

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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

**(b) Carrying Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>(i) Fair Value</b>					
<b>Land and buildings</b>					
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.

<b>(ii) Cost</b>					
<b>Furniture and equipment</b>	Cost	N/A	Cost	N/A	Purchase Cost
<b>Plant and equipment</b>	Cost	N/A	Cost	N/A	Purchase Cost
<b>Artwork &amp; sculptures</b>	Cost	N/A	Cost	N/A	Purchase Cost

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**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
		\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>		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/(Disposals)		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)
Correction of prior period error	32	0	0	0	200,704	(9,200)	0	0	0	191,504
<b>Balance at 30 June 2022</b>		206,374,441	35,878,791	25,166,727	56,281,091	76,685,466	8,831,951	7,577,693	2,504,021	419,300,181
<b>Comprises:</b>										
Gross balance at 30 June 2022		206,374,441	35,878,791	25,166,727	56,281,091	76,685,466	8,831,951	7,577,693	3,338,695	420,134,855
Accumulated depreciation at 30 June 2022		0	0	0	0	0	0	0	(834,674)	(834,674)
<b>Balance at 30 June 2022</b>		206,374,441	35,878,791	25,166,727	56,281,091	76,685,466	8,831,951	7,577,693	2,504,021	419,300,181
<b>Restated balance at 1 July 2022</b>		206,374,441	35,878,791	25,166,727	56,281,091	76,685,466	8,831,951	7,577,693	2,504,021	419,300,181
Additions*		6,449,778	543,174	1,062,086	1,571,833	172,060	0	806,480	3,278,124	13,883,535
(Disposals)		(1,181,732)	(112,496)	(86,439)	(108,460)	0	0	(1,022,282)	0	(2,511,409)
Depreciation	10(a)	(6,680,404)	(945,833)	(590,200)	(3,375,237)	(2,649,612)	(1,273,865)	0	(417,337)	(15,932,488)
Transfers		719,192	910,881	443,456	3,187,505	755,131	195,924	(6,668,691)	0	(456,602)
<b>Balance at 30 June 2023</b>		205,681,275	36,274,517	25,995,630	57,556,732	74,963,045	7,754,010	693,200	5,364,808	414,283,217
<b>Comprises:</b>										
Gross balance at 30 June 2023		212,361,321	37,220,351	26,585,830	60,931,968	77,612,657	9,027,874	693,200	5,782,145	430,215,346
Accumulated depreciation at 30 June 2023		(6,680,046)	(945,834)	(590,200)	(3,375,236)	(2,649,612)	(1,273,864)	0	(417,337)	(15,932,129)
<b>Balance at 30 June 2023</b>		205,681,275	36,274,517	25,995,630	57,556,732	74,963,045	7,754,010	693,200	5,364,808	414,283,217

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

During the year ended 30 June 2023	1,438,594	277,367	42,804	0	0	0	0	0	0	1,758,765
* Asset disposals include transfers	0	0	0	0	0	0	0	9,199,518	0	9,199,518

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**9. INFRASTRUCTURE (Continued)**

**(b) Carrying Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>(i) Fair Value</b>					
<b>Infrastructure - Roads</b>	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Footpaths</b>	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Drainage</b>	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Parks, Recreation and C</b>	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Aerodromes</b>	Level 3	Cost approach using depreciated replacement cost	Independent Valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Miscellaneous Structures</b>	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Landfill Post Closure Asset</b>	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 2023**

**10. FIXED ASSETS**

**(a) Depreciation**

	<b>Note</b>	<b>2023 Actual</b>	<b>2023 Budget</b>	<b>2022 Actual</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
Buildings	8(a)	8,727,473	5,315,596	5,285,446
Furniture and equipment	8(a)	696,607	829,000	820,355
Plant	8(a)	1,529,567	1,366,582	1,369,609
Equipment	8(a)	282,281	238,337	240,502
Artwork & Sculptures	8(a)	45,255	47,374	47,116
Infrastructure - Roads	9(a)	6,680,404	12,203,097	4,980,033
Infrastructure - Footpaths	9(a)	945,833	0	791,014
Infrastructure - Drainage	9(a)	590,200	0	325,324
Infrastructure - Parks, Recreation and Open Space	9(a)	3,375,237	0	3,760,345
Infrastructure - Aerodromes	9(a)	2,649,612	0	2,071,128
Infrastructure - Miscellaneous Structures	9(a)	1,273,865	0	432,090
Landfill Post Closure Asset	9(a)	417,337	1,443,634	417,337
Right-of-use assets - Buildings	11(a)	180,382	154,302	181,219
		<b>27,394,053</b>	<b>21,597,922</b>	<b>20,721,518</b>

**Depreciation rates**

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

<b>Asset Class</b>	<b>Useful life</b>
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)

**Revision of useful lives of plant and equipment**

The useful lives of plant and equipment are reviewed annually in consideration of management judgements, estimates and assumptions, and the Australian Accounting Standards.

**(b) Fully Depreciated Assets in Use**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
The gross carrying value of assets held by the City which are currently in use yet fully depreciated are shown in the table below.		
Furniture and equipment	980,107	592,605
Equipment	8,420	8,420
Infrastructure - Roads	40,439	0
Infrastructure - Footpaths	25	0
Infrastructure - Drainage	1,536	0
	<b>1,030,527</b>	<b>601,025</b>

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**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 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.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, 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 City's revaluation policy, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair. They are subject to subsequent revaluation at the next revaluation date consistent with *Financial Management Regulation 17A(4)*.

**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 consistent with *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 asset classes are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

**Depreciation**

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

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

**Depreciation on revaluation**

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

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

**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).

**Impairment**

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 or losses on disposal**

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



**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**11. LEASES**

**(a) Right-of-Use Assets**

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

Note	Right-of-use assets	Right-of-use assets Total
	\$	\$
Depreciation	(181,219)	(181,219)
<b>Balance at 30 June 2022</b>	<b>1,224,578</b>	<b>1,224,578</b>
Gross balance amount at 30 June 2022	1,405,797	1,405,797
Reclassification	132,695	132,695
Restated gross balance amount at 30 June 2022	1,538,492	1,538,492
Accumulated depreciation at 30 June 2022	(181,219)	(181,219)
Reclassification	(132,695)	(132,695)
Restated accumulated depreciation at 30 June 2022	(313,914)	(313,914)
<b>Balance at 30 June 2022</b>	<b>1,224,578</b>	<b>1,224,578</b>
Depreciation	(180,382)	(180,382)
<b>Balance at 30 June 2023</b>	<b>1,044,196</b>	<b>1,044,196</b>
Gross balance amount at 30 June 2023	1,538,492	1,538,492
Accumulated depreciation at 30 June 2023	(494,296)	(494,296)
<b>Balance at 30 June 2023</b>	<b>1,044,196</b>	<b>1,044,196</b>

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

	2023 Actual	2022 Actual
	\$	\$
Depreciation on right-of-use assets	(180,382)	(181,219)
Finance charge on lease liabilities	(21,816)	(24,480)
<b>Total amount recognised in the statement of comprehensive income</b>	<b>(202,198)</b>	<b>(205,699)</b>
Total cash outflow from leases	(190,245)	(154,286)

**(b) Lease Liabilities**

Current	134,325	168,429
Non-current	940,327	1,074,652
	<b>1,074,652</b>	<b>1,243,081</b>

**Secured liabilities and assets pledged as security**

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

**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 29(c).

**Right-of-use assets - measurement**

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

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

**Right-of-use assets - depreciation**

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

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**12. INVESTMENT PROPERTY**

**Non-current assets - at fair value**

	2023 Actual \$	2023 Budget \$	2022 Actual \$
Carrying balance at 1 July	35,125,608	35,125,608	31,300,000
Acquisitions	0	0	101,670
Capitalised subsequent expenditure	0	0	176,709
Net gain from fair value adjustment	4,174,392	0	3,547,229
Closing balance at 30 June	39,300,000	35,125,608	35,125,608

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

Rental income	4,255,008	3,732,000	3,911,156
Direct operating expenses from property that generated rental income	(1,628,908)	(1,494,053)	(2,410,097)
Fair value gain recognised in profit or loss	4,174,392	0	3,547,229

**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	2,846,366	0	2,602,907
1 to 5 years	8,287,391	0	8,295,539
> 5 years	5,369,776	0	6,416,471
	16,503,533	0	17,314,917

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

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

Refer to note 11 for details of leased property, plant and equipment not classified as investment property

**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 AASB140.

**Fair value of investment properties**

An external valuation was performed to determine the fair value of investment properties. The main Level 3 inputs used in the valuation were discount rates, yields, expected vacancy rates and rental growth rates estimated 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 2023**

**13. TRADE AND OTHER PAYABLES**

**Current**

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

2023	2022
\$	\$
3,763,672	7,156,870
568,952	572,418
4,117,805	3,350,493
738,713	752,903
924,543	368,043
596,934	484,266
1,476,999	334,981
12,187,618	13,019,974

**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 any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**Trade and other payables**

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

**Prepaid rates**

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

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**14. OTHER LIABILITIES**

**Current**

Contract liabilities from capital grant/contributions

<b>2023</b>	<b>2022</b>
<b>\$</b>	<b>\$</b>
280,000	0
280,000	0
<b>Reconciliation of changes in contract liabilities</b>	
Opening balance	973,681
Additions	0
Revenue from contracts with customers included as a contract liability at the start of the period	(973,681)
280,000	0

The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$280,000 (2022: \$0)

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

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

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 25(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 2023**

**15. BORROWINGS**

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
<b>Secured</b>		\$	\$	\$	\$	\$	\$
Long term borrowings - self supporting loans		24,765	19,186	43,951	16,854	0	16,854
<b>Total secured borrowings</b>	29(a)	24,765	19,186	43,951	16,854	0	16,854

The City of Karratha has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 years.

**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 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 23(i)) due to unobservable inputs including own credit risk.

**Risk**

Details of individual borrowings required by regulations are provided at Note 29(a). Information regarding exposure to risk can be found at Note 23.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**16. EMPLOYEE RELATED PROVISIONS**

**Employee Related Provisions**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Current provisions</b>		
<b>Employee benefit provisions</b>		
Annual leave	2,629,092	2,694,123
Long service leave	1,432,445	1,755,241
	<b>4,061,537</b>	<b>4,449,364</b>
<b>Total current employee related provisions</b>	<b>4,061,537</b>	<b>4,449,364</b>
<b>Non-current provisions</b>		
<b>Employee benefit provisions</b>		
Long service leave	340,444	397,152
	<b>340,444</b>	<b>397,152</b>
<b>Total non-current employee related provisions</b>	<b>340,444</b>	<b>397,152</b>
<b>Total employee related provisions</b>	<b>4,401,981</b>	<b>4,846,516</b>

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

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

<b>Note</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Amounts are expected to be settled on the following basis:</b>		
Less than 12 months after the reporting date	4,061,537	4,449,364
More than 12 months from reporting date	340,444	397,152
	<b>4,401,981</b>	<b>4,846,516</b>

**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 2023**

**17. OTHER PROVISIONS**

	<b>Make good provisions</b>	<b>Provision for remediation costs</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Opening balance at 1 July 2022</b>			
Current provisions	0	8,935,350	8,935,350
Non-current provisions	60,000	2,797,059	2,857,059
	60,000	11,732,409	11,792,409
Additional provision	0	3,762,917	3,762,917
Reversal Upon Completion	0	(9,420,143)	(9,420,143)
Charged to profit or loss			
- unwinding of discount	0	96,240	96,240
<b>Balance at 30 June 2023</b>	60,000	6,171,423	6,231,423
<b>Comprises</b>			
Non-current	60,000	6,171,423	6,231,423
	60,000	6,171,423	6,231,423

**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 provisions**

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 2023**

**18. REVALUATION SURPLUS**

	2023 Opening Balance	2023 Revaluation Increment	2023 Revaluation (Decrement)	Total Movement on Revaluation	2023 Closing Balance	2022 Opening Balance	2022 Revaluation Increment	2022 Revaluation (Decrement)	2022 Revaluation Adjustment	Total Movement on Revaluation	Restated * 2022 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	11,210,266	2,257,308	0	2,257,308	13,467,574	5,345,396	5,864,870	0	0	5,864,870	11,210,266
Revaluation surplus - Buildings	41,647,544	0	(2,037,210)	(2,037,210)	39,610,334	9,713,253	37,057,560	0	(5,123,269)	31,934,291	41,647,544
Revaluation surplus - Plant	19,018	0	(19,018)	(19,018)	0	19,018	0	0	0	0	19,018
Revaluation surplus - Equipment	47,248	19,018	0	19,018	66,266	47,248	0	0	0	0	47,248
Revaluation surplus - Artwork & Sculptures	47,997	0	0	0	47,997	47,997	0	0	0	0	47,997
Revaluation surplus - Infrastructure - Roads	133,235,450	0	0	0	133,235,450	147,263,789	0	(14,028,339)	0	(14,028,339)	133,235,450
Revaluation surplus - Infrastructure - Footpaths	30,323,273	0	0	0	30,323,273	35,598,190	0	(5,274,917)	0	(5,274,917)	30,323,273
Revaluation surplus - Infrastructure - Drainage	24,088,567	0	0	0	24,088,567	17,642,055	6,446,512	0	0	6,446,512	24,088,567
Revaluation surplus - Infrastructure - Parks, Recreation and Open Space	3,716,676	0	0	0	3,716,676	5,691,516	0	(2,175,544)	200,704	(1,974,840)	3,716,676
Revaluation surplus - Infrastructure - Aerodromes	37,658,426	0	0	0	37,658,426	17,215,720	20,451,906	0	(9,200)	20,442,706	37,658,426
Revaluation surplus - Infrastructure - Miscellaneous Structures	3,250,413	0	0	0	3,250,413	2,463,409	787,004	0	0	787,004	3,250,413
Revaluation surplus - Landfill Post Closure Asset	295,213	0	0	0	295,213	0	295,213	0	0	295,213	295,213
	285,540,091	2,276,326	(2,056,228)	220,098	285,760,189	241,047,591	70,903,065	(21,478,800)	(4,931,765)	44,492,500	285,540,091

\*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 2023**

**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:

	<b>Note</b>	<b>2023 Actual \$</b>	<b>2022 Actual \$</b>
Cash and cash equivalents	3	15,536,908	18,701,445
<b>Restrictions</b>			
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	11,728,299	14,264,523
- Financial assets at amortised cost	4	73,000,000	63,761,000
		84,728,299	78,025,523
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	30	84,448,299	78,025,523
Contract liabilities	14	280,000	0
<b>Total restricted financial assets</b>		84,728,299	78,025,523

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

Net result		21,127,343	14,363,886
Non-cash items:			
Adjustments to fair value of financial assets at fair value through profit or loss		0	(6,994)
Adjustments to fair value of investment property		(4,174,392)	(3,547,229)
Depreciation/amortisation		27,394,053	20,721,518
(Profit)/loss on sale of asset		1,009,043	228,663
(Profit)/loss on land held for resale		0	(680,608)
Revaluation increments / (decrements) transferred to revaluation surplus		0	295,213
Assets received for substantially less than fair value		(2,813,333)	0
Changes in assets and liabilities:			
Decrease/(Increase) in trade and other receivables		694,753	(2,019,772)
(Increase)/decrease in other assets		(226,933)	56,479
Decrease /(Increase) in inventories		177,890	(2,255,228)
(Decrease)/Increase in trade and other payables		(832,356)	1,446,369
(Decrease) in employee related provisions		(444,535)	(447,365)
(Decrease) in other provisions		(5,560,986)	(2,290,455)
Increase/(decrease) in other liabilities		280,000	(973,681)
Capital grants, subsidies and contributions		(2,822,864)	(3,141,659)
Net cash provided by operating activities		33,807,683	21,749,137

**(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	(15,919)	(16,581)
<b>Total amount of credit unused</b>	1,094,081	1,093,419

**Loan facilities**

Loan facilities - current	24,765	16,854
Loan facilities - non-current	19,186	0
<b>Total facilities in use at balance date</b>	43,951	16,854

<b>Unused loan facilities at balance date</b>	0	0
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**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**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**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Contracted for:		
City Housing	196,439	1,088,859
Karratha Leisureplex Facility Improvement Study	48,998	183,788
Kevin Richards Memorial Oval	43,364	53,410
Kevin Richards Memorial Oval Change and Club Room	304,261	8,001,171
Murujuga Access Road	133,505	133,505
Roebourne Streetscape	8,268	72,881
Walgu Park	2,385	2,385
Windy Ridge & Hampton Oval	40,725	47,275
Lot 7020 Development Proposal	138,950	147,450
KLP Gym and Function Room Redevelopment	0	27,891
Housing Construction - Jingarri Sites	953,092	1,284,893
Shakespeare Precinct Redevelopment	194,705	2,780,293
Building Improvements	190,532	443,985
Equipment Purchases	0	3,986
Information Technology Projects	49,076	75,913
Playground Replacement/Upgrade	690	170,497
Road Projects	18,533	3,181,939
Plant Purchases	103,285	400,579
	<b>2,426,808</b>	<b>18,100,700</b>
Payable:		
- not later than one year	<b>2,426,808</b>	<b>18,100,700</b>

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**22. RELATED PARTY TRANSACTIONS**

**(a) Elected Member Remuneration**

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

	<b>2023 Actual</b>	<b>2023 Budget</b>	<b>2022 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Mayor's annual allowance	89,753	89,753	89,753
Deputy Mayor's annual allowance	24,308	22,438	22,438
Meeting attendance fees	366,936	364,296	355,010
Expense reimbursement	45	0	932
Other expenses	0	57,000	13,286
Annual allowance for ICT expenses	38,792	38,500	37,476
Travel and accommodation expenses	10,128	41,195	450
Non cash benefits	2,919	0	2,919
	<b>532,881</b>	<b>613,182</b>	<b>522,264</b>

**(b) Key Management Personnel (KMP) Compensation**

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

	<b>Note</b>	<b>2023 Actual</b>	<b>2022 Actual</b>
		<b>\$</b>	<b>\$</b>
Short-term employee benefits		1,487,987	1,430,878
Post-employment benefits		134,059	135,378
Employee - other long-term benefits		145,893	209,281
Employee - termination benefits		229,078	52,261
Council member costs	22(a)	532,881	522,264
		<b>2,529,897</b>	<b>2,350,062</b>

*Short-term employee benefits*

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

*Post-employment benefits*

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

*Other long-term benefits*

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

*Termination benefits*

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

*Council member costs*

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

**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.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**(b) RELATED PARTY TRANSACTIONS (Continued)**

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

	<b>2023 Actual</b>	<b>2022 Actual</b>
	<b>\$</b>	<b>\$</b>
Sale of goods and services	25,992	6,196
Purchase of goods and services	70,007	121,492
<b>Amounts outstanding from related parties:</b>		
Trade and other receivables	646	706
<b>Amounts payable to related parties:</b>		
Trade and other payables	5,359	795

**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 2023**

**23. FINANCIAL RISK MANAGEMENT**

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

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

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

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

**(a) Interest rate risk**

**Cash and cash equivalents**

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

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

	<b>Weighted Average Interest Rate</b>	<b>Carrying Amounts</b>	<b>Fixed Interest Rate</b>	<b>Variable Interest Rate</b>	<b>Non Interest Bearing</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2023</b>					
Cash and cash equivalents	3.95%	15,536,908	0	15,536,908	0
Financial assets at amortised cost - term deposits	4.71%	73,000,000	73,000,000	0	0
Financial assets at amortised cost - self supporting loans	3.72%	43,951	43,951	0	0
Loans receivable - clubs/institutions	4.00%	3,800,000	3,800,000	0	0
<b>2022</b>					
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

**Sensitivity**

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

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% movement in interest rates on profit or loss and equity*	155,369	136,934

\* Holding all other variables constant

**Borrowings**

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

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**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 and other receivables. To measure the expected credit losses, receivables from grants, contributions and reimbursements are separated from other trade receivables due to the difference in payment terms and security.

The expected loss rates are based on the payment profiles of trade and other receivables over a period of 36 months before 1 July 2022 or 1 July 2023 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of users to settle the receivables. 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 2023 and 30 June 2022 was determined as follows for rates receivable:

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2023</b>					
Rates receivable					
Expected credit loss	1.12%	2.74%	4.70%	12.44%	
Gross carrying amount	997,744	229,257	114,911	163,580	1,505,492
Loss allowance	11,155	6,292	5,404	20,350	43,201
<b>30 June 2022</b>					
Rates receivable					
Expected credit loss	0.96%	2.44%	3.58%	31.02%	
Gross carrying amount	658,695	221,921	120,757	125,809	1,127,182
Loss allowance	6,292	5,404	4,324	39,026	55,046

The loss allowance as at 30 June 2023 and 30 June 2022 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
<b>30 June 2023</b>					
Trade receivables					
Expected credit loss	0.24%	0.68%	6.80%	101.58%	
Gross carrying amount	5,103,968	50,294	85,314	1,225,231	6,464,807
Loss allowance	12,158	341	5,800	1,244,608	1,262,907
<b>30 June 2022</b>					
Trade 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

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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

**(b) Credit risk**

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

	<b>Rates receivable</b>		<b>Trade receivables</b>		<b>Contract Assets</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b>Opening loss allowance as at 1 July</b>	\$ 55,046	\$ 117,787	\$ 1,406,094	\$ 1,884,228	\$ 0	\$ 0
Increase in loss allowance recognised in profit or loss during the year	0	0	0	83,143	0	0
Receivables written off during the year as uncollectible	28	0	28	(561,277)	0	0
Unused amount reversed	(11,873)	(62,741)	(143,215)	0	0	0
<b>Closing loss allowance at 30 June</b>	<b>43,201</b>	<b>55,046</b>	<b>1,262,907</b>	<b>1,406,094</b>	<b>0</b>	<b>0</b>

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

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

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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

**(c) Liquidity risk**

**Payables and borrowings**

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

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

	Note	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<b><u>2023</u></b>						
Trade and other payables		12,187,618	0	0	12,187,618	12,187,618
Borrowings		25,981	19,484	0	45,465	43,951
Contract liabilities		280,000	0	0	280,000	280,000
Lease liabilities		153,517	585,755	366,218	1,105,490	1,074,652
		12,647,116	605,239	366,218	13,618,573	13,586,221
<b><u>2022</u></b>						
Trade and other payables		13,019,974	0	0	13,019,974	13,019,974
Borrowings		17,188	0	0	17,188	16,854
Contract liabilities		0	0	0	0	0
Lease liabilities		173,645	619,673	515,816	1,309,134	1,243,081
		13,210,807	619,673	515,816	14,346,296	14,279,909



**CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

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

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

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**25. 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 report is presented.

**e) Budget comparative figures**

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

**f) Superannuation**

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

**g) Fair value of assets and liabilities**

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

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

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

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

**h) Interest revenue**

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

**i) Fair value hierarchy**

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

**Valuation techniques**

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

**Market approach**

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

**Income approach**

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

**Cost approach**

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

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

**j) Impairment of assets**

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

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

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.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**26. FUNCTION AND ACTIVITY**

**(a) Service objectives and descriptions**

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

Objective	Description
<b>Governance</b> 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.
<b>General purpose funding</b> 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.
<b>Law, order, public safety</b> 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.
<b>Health</b> 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.
<b>Education and welfare</b> 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.
<b>Housing</b> To provide and maintain staff housing.	Maintenance and operational expenses associated with the provision of staff housing.
<b>Community amenities</b> 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.
<b>Recreation and culture</b> 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.
<b>Transport</b> 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.
<b>Economic services</b> 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.
<b>Other property and services</b> 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 2023**

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

**(b) Income and expenses**

	<b>2023 Actual</b>	<b>2022 Actual</b>
	<b>\$</b>	<b>\$</b>
<b>Income excluding grants, subsidies and contributions</b>		
Governance	87,090	790,683
General purpose funding	56,670,251	50,073,619
Law, order, public safety	155,856	138,851
Health	192,475	177,085
Education and welfare	77,846	74,447
Housing	1,477,998	713,816
Community amenities	15,948,586	14,293,262
Recreation and culture	6,496,961	5,621,385
Transport	24,593,448	22,565,538
Economic services	824,087	866,307
Other property and services	364,713	526,651
	<b>106,889,311</b>	<b>95,841,644</b>
<b>Grants, subsidies and contributions</b>		
Governance	0	147,764
General purpose funding	5,202,841	2,420,826
Law, order, public safety	316,594	469,335
Health	13,295	14,066
Housing	500,000	800,000
Community amenities	197,693	513,056
Recreation and culture	9,171,535	7,657,177
Transport	5,411,354	4,001,924
Economic services	14,250	173,249
Other property and services	214,590	0
	<b>21,042,152</b>	<b>16,197,397</b>
<b>Total Income</b>	<b>127,931,463</b>	<b>112,039,041</b>
<b>Expenses</b>		
Governance	(2,400,447)	(2,895,878)
General purpose funding	(2,271,714)	2,876,795
Law, order, public safety	(1,403,355)	(1,812,398)
Health	(816,184)	(1,202,632)
Education and welfare	(59,492)	(156,558)
Housing	(2,058,783)	(1,099,573)
Community amenities	(11,644,013)	(16,266,518)
Recreation and culture	(40,416,466)	(42,368,284)
Transport	(27,048,827)	(29,765,936)
Economic services	(2,025,083)	(3,670,530)
Other property and services	(16,659,756)	(1,313,643)
<b>Total expenses</b>	<b>(106,804,120)</b>	<b>(97,675,155)</b>
<b>Net result for the period</b>	<b>21,127,343</b>	<b>14,363,886</b>

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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

	<b>2023 Actual</b>	<b>2022 Actual</b>
<b>(c) Fees and Charges</b>	<b>\$</b>	<b>\$</b>
Governance	54,947	12,163
General purpose funding	3,432,916	3,227,273
Law, order, public safety	79,611	80,811
Health	192,475	177,085
Education and welfare	77,846	74,447
Housing	1,025,274	713,816
Community amenities	15,752,122	13,829,254
Recreation and culture	6,445,004	5,599,972
Transport	23,775,406	21,505,210
Economic services	824,087	863,828
Other property and services	170,232	197,839
	<b>51,829,921</b>	<b>46,281,698</b>

  

	<b>2023 Actual</b>	<b>Restated * 2022 Actual</b>
<b>(d) Total Assets</b>	<b>\$</b>	<b>\$</b>
Governance	40,013,889	47,248,299
General purpose funding	18,803,358	7,736,131
Law, order, public safety	3,025,311	3,519,537
Health	687,852	1,292,427
Education and welfare	200,507	2,464,850
Housing	40,267,491	53,106,136
Community amenities	26,495,196	71,497,780
Recreation and culture	243,638,769	217,367,239
Transport	456,617,514	428,579,009
Economic services	4,462,959	1,984,596
Other property and services	32,484,530	193,177
Unallocated	(52,480)	21,939,246
	<b>866,644,896</b>	<b>856,928,427</b>

\*See Note 32 for details regarding the prior period restatements as a result of the correction of pr

CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023

27. RATING INFORMATION

(a) General Rates

RATE TYPE Rate Description	Rate in \$	Number of Properties	2022/23 Actual Rateable Value*	2022/23 Actual Rate Revenue	2022/23 Actual Interim Rates	2022/23 Actual Total Revenue	2022/23 Budget Rate Revenue	2022/23 Budget Interim Rate	2022/23 Budget Total Revenue	2021/22 Actual Total Revenue
	\$		\$	\$	\$	\$	\$	\$	\$	\$
<b>Gross rental valuations</b>										
Residential	0.071058	7,081	250,919,590	17,680,738	57,962	17,738,700	17,729,380	52,000	17,781,380	17,153,211
Commercial Industrial	0.097252	791	85,517,039	8,028,794	99,685	8,128,479	8,180,869	52,000	8,232,869	7,669,840
Airport/Strategic Industry	0.142115	31	12,923,430	1,830,591	7,721	1,838,312	1,828,892	32,000	1,860,892	2,144,123
Transient Workforce Accommodation/Workforce Accommodation	0.281389	26	28,848,720	7,353,741	654,646	8,008,387	7,194,633	1,102,000	8,296,633	6,590,742
<b>Unimproved valuations</b>										
Pastoral	0.107708	10	1,997,400	215,136	0	215,136	215,136	11,000	226,136	182,989
Mining/Other	0.138119	238	8,999,600	1,001,058	110,246	1,111,304	1,092,814	11,000	1,103,814	991,226
Strategic Industry	0.19214	31	47,366,064	9,100,916	0	9,100,916	8,102,744	1,000	8,103,744	7,862,817
<b>Total general rates</b>		8,208	436,571,843	45,210,974	930,260	46,141,234	44,344,468	1,261,000	45,605,468	42,594,948
<b>Minimum payment</b>	<b>\$</b>									
<b>Gross rental valuations</b>										
Residential	1,610	1,489	21,666,663	2,426,270	0	2,426,270	2,395,680	0	2,395,680	2,405,457
Commercial Industrial	1,610	371	2,844,161	595,700	1,610	597,310	571,550	0	571,550	631,452
Airport/Strategic Industry	1,610	3	9,700	4,830	0	4,830	4,830	0	4,830	4,689
Transient Workforce Accommodation/Workforce Accommodation	1,610	0	0	0	0	0	0	0	0	0
<b>Unimproved valuations</b>										
Pastoral	338	0	0	0	0	0	0	0	0	0
Mining/Other	338	171	184,973	65,074	0	65,074	62,868	0	62,868	61,992
Strategic Industry	338	11	11	3,718	0	3,718	4,056	0	4,056	3,936
<b>Total minimum payments</b>		2,045	24,705,508	3,095,592	1,610	3,097,202	3,038,984	0	3,038,984	3,107,526
<b>Exempt properties</b>										
<b>Gross rental valuations</b>		1,294	4,722,777	0	0	0	0	0	0	0
<b>Unimproved valuations</b>		16	2,554,802	0	0	0	0	0	0	0
<b>Total exempt properties</b>		1,310	7,277,579	0	0	0	0	0	0	0
<b>Total general rates and minimum payments</b>		11,563	461,277,351	48,306,566	931,870	49,238,436	47,383,452	1,261,000	48,644,452	45,702,474
<b>Ex-gratia Rates</b>										
Karratha Solar Power				0	0	0	1,400	0	1,400	1,400
DBNGP Corridor				57,250	0	57,250	53,522	0	53,522	53,522
<b>Total amount raised from rates (excluding general rates)</b>				57,250	0	57,250	54,922	0	54,922	54,922
<b>Waivers</b>						(203,432)			(205,494)	(125,975)
<b>Concessions</b>						(31,200)			(31,200)	(30,260)
<b>Total Rates</b>						49,061,054			48,462,680	45,601,161
Rate instalment interest						119,136				
Rate overdue interest						251,040				

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

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

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**27. RATING INFORMATION (Continued)**

**(b) Specified Area Rate**

The City did not raise specified area rates for the year ended 30 June 2023.

**(c) Service Charges**

The City did not raise service charges for the year ended 30th June 2023.

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 \$	2023 Actual \$	2023 Budget \$	2022 Actual \$
Cossack (GRV)	Concession	1,560	31,200	31,200	30,260
Fees and Charges	Waiver	As determined on application	184,074	278,529	166,422
Rates	Waiver	As determined on application	203,432	205,494	125,975
Rates and Penalty interest	Write Off	As determined on application	28	0	38,655
Fees and Charges	Write Off	As determined on application	0	0	561,277
			418,734	515,223	922,589
Total discounts/concessions			418,734	515,223	922,589

**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 2023**

**27. RATING INFORMATION (Continued)**

**(d) Interest Charges & Instalments**

<b>Instalment Options</b>	<b>Date Due</b>	<b>Instalment Plan Admin Charge</b>	<b>Instalment Plan Interest Rate</b>	<b>Unpaid Rates Interest Rate</b>
		<b>\$</b>	<b>%</b>	<b>%</b>
<b>Option One</b>				
Single full payment	6/09/2022	0	0.00%	7.00%
<b>Option Two</b>				
First instalment	6/09/2022	0	4.50%	7.00%
Second instalment	24/01/2023	10	4.50%	7.00%
<b>Option Three</b>				
First instalment	6/09/2022	0	4.50%	7.00%
Second instalment	15/11/2022	10	4.50%	7.00%
Third instalment	24/01/2023	10	4.50%	7.00%
Fourth instalment	4/04/2023	10	4.50%	7.00%

	<b>2023 Actual</b>	<b>2023 Budget</b>	<b>2022 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest on unpaid rates	181,615	154,000	165,874
Interest on instalment plan	119,136	100,000	90,106
Instalment charges	60,920	60,000	60,305
Deferred pensioner interest	1,117	850	837
	<b>362,788</b>	<b>314,850</b>	<b>317,122</b>

	<b>2023 Actual</b>	<b>2023 Budget</b>	<b>2022 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
PUPP penalty interest	4,639	5,400	4,175
PUPP instalment interest	42,093	40,800	42,616
PUPP instalment charges	3,570	3,680	3,940
	<b>50,302</b>	<b>49,880</b>	<b>50,731</b>



**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**28. DETERMINATION OF SURPLUS OR DEFICIT**

		2022/23 2022/23 Budget 2022/23	2022/23 2022/23 Budget 2022/23	2022/23 2022/23 Budget 2022/23
		(30 June 2023 Carried Forward)	(30 June 2023 Carried Forward)	(1 July 2022 Brought Forward)
	Note	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals		(519,054)	(864,000)	(723,162)
Less: Non-cash grants and contributions for assets		(2,813,333)	0	0
Add: Loss on disposal of assets		1,528,097	56,000	271,217
Add: Depreciation	10(a)	27,394,053	21,597,922	20,721,518
Non-cash movements in non-current assets and liabilities:				
Financial assets at amortised cost		8,937,451	0	(2,244,386)
Investment property	12	(4,174,392)	0	(3,547,229)
Pensioner deferred rates		(280)	0	0
Assets held for sale	7	(226,933)	0	0
Employee benefit provisions		(56,708)	0	(76,692)
Waste provision		(5,560,986)	0	181,220
Service concession liabilities		(1,341,323)	0	(454,051)
Inventory		177,890	0	0
<b>Non-cash amounts excluded from operating activities</b>		<b>23,344,482</b>	<b>20,789,922</b>	<b>14,128,435</b>
<b>(b) Non-cash amounts excluded from investing activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to investing activities</b>				
Property, plant and equipment received for substantially less than fair value	8(a)	1,054,568	0	0
Infrastructure received for substantially less than fair value	9(a)	1,758,765	0	0
<b>Non-cash amounts excluded from investing activities</b>		<b>2,813,333</b>	<b>0</b>	<b>0</b>
<b>(c) Surplus or deficit after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
Less: Reserve accounts	30	(84,448,299)	(60,640,138)	(78,025,523)
Less: Financial assets at amortised cost - self supporting loans	4(a)	(24,711)	0	(15,470)
Add: Movement in accruals		173,360	0	161,994
Less: Provision for doubtful debts		(155,060)	0	0
Less: Movement in restricted surplus		(62,129)	0	(124,258)
Less: Current loans - clubs/institutions		(25,239)	0	(2,531)
Less: Current assets not expected to be received at end of year				
- Land held for resale	6	(2,229,971)	(2,942,021)	(2,138,479)
- Work In Progress Disposals		(1,293,905)	0	0
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	15	24,765	1,300,234	16,854
- Current portion of contract liability	14	280,000	0	0
- Current portion of lease liabilities	11(b)	134,325	134,325	168,429
- Cash backed current provisions		4,061,537	4,820,037	13,384,714
Add: Restricted Surplus/(Deficit) June 30 b/fwd		124,258	0	248,516
Less: Restricted Surplus/(Deficit) June 30 b/fwd		(62,129)	0	(124,258)
<b>Total adjustments to net current assets</b>		<b>(83,503,198)</b>	<b>(57,327,563)</b>	<b>(66,450,012)</b>
<b>Net current assets used in the Statement of Financial Activity</b>				
Total current assets		104,317,683	74,733,376	97,785,503
Less: Total current liabilities		(16,688,245)	(17,359,067)	(26,589,971)
Less: Total adjustments to net current assets		(83,503,198)	(57,327,563)	(66,450,012)
<b>Surplus or deficit after imposition of general rates</b>		<b>4,126,240</b>	<b>46,746</b>	<b>4,745,520</b>

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**29. BORROWING AND LEASE LIABILITIES**

**(a) Borrowings**

Purpose	Note	Actual							Budget			
		Principal at 1 July 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	New Loans During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	Principal at 1 July 2022	New Loans During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Walgu Development		0	0	0	0	0	0	0	0	16,000,000	0	16,000,000
<b>Total</b>		0	0	0	0	0	0	0	0	16,000,000	0	16,000,000
<b>Self Supporting Loans</b>												
Karratha RSL		33,269	0	(16,415)	16,854	0	(16,854)	0	16,854	0	(16,854)	0
Karratha Kats Football and Sporting Club Inc		0	0	0	0	50,000	(6,049)	43,951	0	0	0	0
<b>Total Self Supporting Loans</b>		33,269	0	(16,415)	16,854	50,000	(22,903)	43,951	16,854	0	(16,854)	0
<b>Total Borrowings</b>		33,269	0	(16,415)	16,854	50,000	(22,903)	43,951	16,854	16,000,000	(16,854)	16,000,000

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.

**Self Supporting Loans Finance Cost Payments**

Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022
						\$	\$	\$
Karratha RSL		General purpose funding	100	WATC *	2.65%	(336)	(335)	(774)
Karratha Kats Football and Sporting Club Inc		General purpose funding	2023-1	WATC *	3.72%	(446)	0	0
<b>Total Self Supporting Loans Finance Cost Payments</b>						(782)	(335)	(774)
<b>Total Finance Cost Payments</b>						(782)	(335)	(774)

\* WA Treasury Corporation

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**29. BORROWING AND LEASE LIABILITIES (Continued)**

**(b) New Borrowings - 2022/23**

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2023	2023	2023	2023		
					Actual	Budget	Actual	Budget		
					\$	\$	\$	\$	\$	\$
Karratha Kats Football and Sporting Club Inc	WATC *	Fixed Term	2	3.72%	50,000	50,000	(50,000)	(50,000)	1,960	0
					50,000	50,000	(50,000)	(50,000)	1,960	0

\* WA Treasury Corporation

**(c) Lease Liabilities**

Purpose	Note	Actual							Budget			
		Principal at 1 July 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	Principal at 1 July 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ERP Project Office		63,135	0	(28,396)	34,739	0	(29,747)	4,992	34,740	0	(29,746)	4,994
Roebourne Library		57,209	0	(14,447)	42,762	0	(14,779)	27,983	42,763	0	(14,780)	27,983
Tambrey Indoor Play Centre		1,252,543	0	(86,963)	1,165,580	0	(123,904)	1,041,677	1,149,979	0	(108,303)	1,041,676
<b>Total Lease Liabilities</b>	11(b)	1,372,887	0	(129,806)	1,243,081	0	(168,429)	1,074,652	1,227,482	0	(152,829)	1,074,653

**Lease Finance Cost Payments**

Purpose	Note	Function and activity	Institution	Interest Rate	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022	Lease Term
					\$	\$	\$	
ERP Project Office		Governance	Glensaid Pty Ltd	1.20%	(253)	(252)	(604)	3 years
Roebourne Library		Recreation and culture	Wawardu Ltd	2.30%	(820)	(820)	(1,153)	5 years
Tambrey Indoor Play Centre		Recreation and culture	Tambrey Developments Pty Ltd	1.90%	(20,742)	(20,742)	(22,723)	10 years
<b>Total Finance Cost Payments</b>					(21,816)	(21,814)	(24,480)	

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**30. RESERVE ACCOUNTS**

	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance	2023 Budget Opening Balance	2023 Budget Transfer to	2023 Budget Transfer (from)	2023 Budget Closing Balance	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Restricted by legislation/agreement</b>												
(a) Employee Entitlement Reserve	5,352,644	180,949	(1,131,612)	4,401,981	5,336,266	148,627	0	5,484,893	5,293,880	58,764	0	5,352,644
(b) Public Open Space Reserve	131,009	4,429	0	135,438	130,608	3,637	0	134,245	0	131,009	0	131,009
	5,483,653	185,378	(1,131,612)	4,537,419	5,466,874	152,264	0	5,619,138	5,293,880	189,773	0	5,483,653
<b>Restricted by council</b>												
(c) Aerodrome Reserve	2,854,391	3,055,284	0	5,909,675	4,356,520	4,510,820	0	8,867,340	3,524,751	39,126	(709,486)	2,854,391
(d) Carry Forward Budget Reserve	2,440,822	0	(2,440,822)	0	2,440,822	1,946,879	(1,946,879)	2,440,822	493,943	1,946,879	0	2,440,822
(e) Community Development Reserve	580,243	19,615	0	599,859	428,282	12,625	0	440,907	626,366	6,820	(52,943)	580,243
(f) Dampier Drainage Reserve	11,213	379	(11,592)	0	11,179	10,311	0	21,490	11,090	123	0	11,213
(g) Economic Development Reserve	1,351,628	45,693	0	1,397,320	1,347,492	37,531	0	1,385,023	1,336,789	14,839	0	1,351,628
(h) Infrastructure Reserve	39,120,276	27,914,093	(21,268,991)	45,765,379	31,277,287	15,718,862	(37,440,666)	9,555,483	36,292,721	15,394,115	(12,566,560)	39,120,276
(i) Medical Services Assistance Package Reserve	305,989	9,853	(118,094)	197,749	296,363	6,716	(169,780)	133,299	378,476	4,050	(76,537)	305,989
(j) Mosquito Control Reserve	10,210	345	0	10,556	10,179	282	0	10,461	10,098	112	0	10,210
(k) Partnership Reserve	6,614,690	5,474,820	0	12,089,510	7,253,969	9,626,201	(3,322,504)	13,557,666	6,542,071	72,619	0	6,614,690
(l) Restricted Funds Reserve	393,835	0	(313,990)	79,845	393,835	0	0	393,835	393,835	0	0	393,835
(m) Waste Management Reserve	18,457,625	552,351	(5,497,260)	13,512,717	17,112,357	691,463	0	17,803,820	18,254,990	202,635	0	18,457,625
(n) Workers Compensation Reserve	400,948	13,554	(66,231)	348,270	399,721	11,133	0	410,854	396,546	4,402	0	400,948
	72,541,870	37,085,987	(29,716,980)	79,910,880	65,328,006	32,572,823	(42,879,829)	55,021,000	68,261,676	17,685,720	(13,405,526)	72,541,870
	78,025,523	37,271,365	(30,848,592)	84,448,299	70,794,880	32,725,087	(42,879,829)	60,640,138	73,555,556	17,875,493	(13,405,526)	78,025,523

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.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**30. RESERVE ACCOUNTS (Continued)**

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

<b>Name of reserve account</b>	<b>Purpose of the reserve account</b>
<b>Restricted by legislation/agreement</b>	
(a) Employee Entitlement Reserve	To fund employee leave entitlements when on extended leave, including long service leave as well as periods of Annual Leave for periods greater than 4 weeks duration, thereby retaining salary and wages budgets for the funding of replacement staffing during extended periods of leave.
(b) Public Open Space Reserve	To fund development of land set aside for the purpose of public enjoyment and protection of unique, environmental, social and cultural values for existing and future generations.
<b>Restricted by council</b>	
(c) Aerodrome Reserve	The purpose of this reserve is to fund the development, operation and maintenance of the Karratha Airport, inclusive of any repayments of borrowings and the funding of employee entitlements.
(d) Carry Forward Budget Reserve	This reserve is for the purpose of preserving projects funds carried over.
(e) Community Development Reserve	The purpose of this reserve is to hold Annual Community Association Grant Scheme unspent payments each year and to fund future projects initiated by Community Associations from time to time via the Annual Community Association Grant Scheme.
(f) Dampier Drainage Reserve	This reserve is maintained as part of an agreement between the City and Hamersley Iron. The purpose of the reserve is to ensure funds are available for the maintenance of drainage in Dampier. Hamersley Iron pay to the City each year a \$10,000 contribution towards this maintenance with any additional works required being drawn from this reserve and similarly, any funds remaining unspent being transferred to this reserve.
(g) Economic Development Reserve	To fund economic development activities within the City, including Destination Marketing, Business Attraction, Property Development and Tourism.
(h) Infrastructure Reserve	The purpose of this reserve is to allow for the use of these reserve funds for the enhancement, replacement, refurbishment and purchase of infrastructure assets or project works of the City inclusive of the associated repayment of borrowings on infrastructure. Project works funded from this reserve may not necessarily belong to the City but must be carried out for the benefit of the City.
(i) Medical Services Assistance Package Reserve	The purpose of this reserve is to fund future assistance to Medical Services in accordance with the City's participation in the Medical Services Incentive Scheme. This is inclusive of retention payments to General Practitioner's in accordance with the Medical Services Incentive Scheme.
(j) Mosquito Control Reserve	The purpose of this reserve is to fund mosquito control programmes inclusive of the purchase of replacement equipment as required.
(k) Partnership Reserve	This reserve is maintained as part of the Community Infrastructure and Services Partnership (the Partnership) and the related funding agreements between the City and Rio Tinto Iron Ore. The purpose of the reserve is to preserve funds received under each funding agreement under the Partnership and restrict the funds for the purpose of each funding agreements.
(l) Restricted Funds Reserve	This reserve is for the purpose of holding Unexpended or Prepaid Grants (other than Royalties for Regions) and Capital Contributions provided for specific purposes.
(m) Waste Management Reserve	The purpose of this reserve is to fund development, operation and maintenance of the City's Waste Management facilities inclusive of repayments of borrowings and the funding of employee entitlements.
(n) Workers Compensation Reserve	The purpose of this reserve is to provide 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 2023**

**31. TRUST FUNDS**

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

	<b>1 July 2022</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>30 June 2023</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Public Open Space Contributions	611,767	0	0	611,767
Karratha Agistment Centre Compensation Funds	206,780	0	0	206,780
Other Bonds & Guarantees	22,348	4,229	0	26,577
VAST	96	23	0	119
North West Defence Alliance	1,104	15,500	(16,604)	0
Ranger Bonds	4,665	0	0	4,665
Unclaimed Monies	2,983	0	0	2,983
	<b>849,743</b>	<b>19,752</b>	<b>(16,604)</b>	<b>852,891</b>

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**32. CORRECTION OF ERRORS**

In 2022 the City undertook a revaluation of all fixed assets other than those held at cost. The nature of the 4 categories of errors made were:

- (i) PPE assets that did not belong to the City were incorrectly recognised in FY 2022. ("Error 1")
- (ii) PPE assets whose values were incorrectly recorded in FY 2022 due to incorrect take up of fair values from a valuation report. ("Error 2")
- (iii) PPE assets whose valuation report values were incorrectly updated in the books in FY 2022 ("Error 3")
- (iv) Infrastructure assets whose values were incorrectly updated in the books in FY 2022 ("Error 4")

Each affected financial statement line item has been restated for the prior period as follows:

<b>Statement of Comprehensive Income</b> <b>(Extract)</b>	<b>2022</b>	<b>Increase/ (Decrease)</b>	<b>2022 (Restated)</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>

**Other comprehensive income for the period**

Changes in asset revaluation surplus	49,424,265	(4,931,765)	44,492,500
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<b>Statement of Financial Position</b> <b>(Extract)</b>	<b>30 June 2022</b>	<b>Increase/ (Decrease)</b>	<b>30 June 2022 (Restated)</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>

**Non-Current Assets**

Property, plant and equipment	300,523,647	(5,123,269)	295,400,378
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Infrastructure	419,108,677	191,504	419,300,181
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<b>TOTAL NON-CURRENT ASSETS</b>	<b>759,142,924</b>	<b>(4,931,765)</b>	<b>754,211,159</b>
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<b>TOTAL ASSETS</b>	<b>856,928,427</b>	<b>(4,931,765)</b>	<b>851,996,662</b>
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<b>NET ASSETS</b>	<b>826,009,593</b>	<b>(4,931,765)</b>	<b>821,077,828</b>
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Revaluation surplus	290,471,856	(4,931,765)	285,540,091
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<b>TOTAL EQUITY</b>	<b>826,009,593</b>	<b>(4,931,765)</b>	<b>821,077,828</b>
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<b>Note 8 Property, Plant and Equipment</b> <b>(Extract)</b>	<b>Buildings</b>	<b>Total land and buildings</b>	<b>Total property, plant and equipment</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>

Balance at 30 June 2022	254,318,235	270,907,085	300,523,647
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Adjustment for Error 1	(7,449,591)	(7,449,591)	(7,449,591)
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Adjustment for Error 2	2,481,019	2,481,019	2,481,019
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Adjustment for Error 3	(154,697)	(154,697)	(154,697)
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Balance at 30 June 2022 (Restated)	<b>249,194,966</b>	<b>265,783,816</b>	<b>295,400,378</b>
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**Comprises:**

Gross balance amount at 30 June 2022 (Restated)	249,194,966	265,783,816	301,030,055
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<b>Balance at 30 June 2022 (Restated)</b>	<b>249,194,966</b>	<b>265,783,816</b>	<b>295,400,378</b>
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<b>Restated balance at 1 July 2022</b>	<b>249,194,966</b>	<b>265,783,816</b>	<b>295,400,378</b>
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<b>Note 9 Infrastructure</b> <b>(Extract)</b>	<b>Infrastructure - Parks, Recreation and Open Space</b>	<b>Infrastructure - Aerodromes</b>	<b>Total Infrastructure</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>

Balance at 30 June 2022	56,080,387	76,694,666	419,108,677
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Adjustment for Error 4	200,704	(9,200)	191,504
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Balance at 30 June 2022 (Restated)	<b>56,281,091</b>	<b>76,685,466</b>	<b>419,300,181</b>
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**Comprises:**

Gross balance amount at 30 June 2022 (Restated)	56,281,091	76,685,466	420,134,855
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<b>Balance at 30 June 2022 (Restated)</b>	<b>56,281,091</b>	<b>76,685,466</b>	<b>419,300,181</b>
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<b>Restated balance at 1 July 2022</b>	<b>56,281,091</b>	<b>76,685,466</b>	<b>419,300,181</b>
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