

**CITY OF KARRATHA**

**BUDGET**

**FOR THE YEAR ENDED 30 JUNE 2021**

**LOCAL GOVERNMENT ACT 1995**

**TABLE OF CONTENTS**

Statement of Comprehensive Income by Nature or Type	2
Basis of Preparation	3
Statement of Comprehensive Income by Program	4
Statement of Cash Flows	6
Rate Setting Statement	7
Index of Notes to the Budget	8

**CITY'S VISION**

To be Australia's most liveable regional city

**CITY OF KARRATHA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
<b>Revenue</b>				
Rates	1(a)	43,374,241	42,131,191	42,075,758
Operating grants, subsidies and contributions	9(a)	19,550,160	16,743,686	8,556,486
Fees and charges	8	37,545,656	39,668,540	43,041,634
Service charges	1(e)	0	(965)	0
Interest earnings	11(a)	1,174,577	2,043,235	2,316,425
Other revenue	11(b)	765,673	1,903,810	938,962
		<b>102,410,307</b>	<b>102,489,497</b>	<b>96,929,265</b>
<b>Expenses</b>				
Employee costs		(35,425,142)	(34,747,329)	(34,467,960)
Materials and contracts		(33,273,148)	(28,272,418)	(28,560,908)
Utility charges		(6,475,307)	(6,211,917)	(6,268,791)
Depreciation on non-current assets	5	(18,594,262)	(17,757,607)	(18,688,498)
Interest expenses	11(d)	(5,994)	(7,277)	(8,076)
Insurance expenses		(1,773,981)	(1,777,350)	(1,724,673)
Other expenditure		(4,460,820)	(2,920,045)	(14,764,981)
		<b>(100,008,654)</b>	<b>(91,693,943)</b>	<b>(104,483,887)</b>
<b>Subtotal</b>		<b>2,401,653</b>	<b>10,795,554</b>	<b>(7,554,622)</b>
Non-operating grants, subsidies and contributions	9(b)	5,523,990	2,935,625	4,085,439
Profit on asset disposals	4(b)	1,200	677,749	692,199
Loss on asset disposals	4(b)	(272,783)	(448,030)	(180,000)
		<b>5,252,407</b>	<b>3,165,344</b>	<b>4,597,638</b>
<b>Net result</b>		<b>7,654,060</b>	<b>13,960,898</b>	<b>(2,956,984)</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>7,654,060</b>	<b>13,960,898</b>	<b>(2,956,984)</b>

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

**BASIS OF PREPARATION**

The budget has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations. The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this budget. This is not in accordance with the requirements of *AASB 1051 Land Under Roads* paragraph 15 and *AASB 116 Property, Plant and Equipment* paragraph 7.

Accounting policies which have been adopted in the preparation of this budget have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the budget 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 of Karratha controls resources to carry on its functions have been included in the financial statements forming part of this budget.

In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 15 to the budget.

**2019/20 ACTUAL BALANCES**

Balances shown in this budget as 2019/20 Actual are estimates as forecast at the time of budget preparation and are subject to final adjustments.

**CHANGE IN ACCOUNTING POLICIES**

On the 1 July 2020 the following new accounting policies are to be adopted and may impact the preparation of the budget:

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-7 Amendments to Australian Accounting Standards - Materiality

AASB 1059 is not expected to impact the annual budget. Specific impacts of AASB 2018-7 have not been identified.

**KEY TERMS AND DEFINITIONS - NATURE OR TYPE****REVENUES****RATES**

All rates levied under the *Local Government Act 1995*. Includes general, differential, specified area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts and concessions offered.

**SERVICE CHARGES**

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services.

Excludes rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

**PROFIT ON ASSET DISPOSAL**

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

**REVENUES (CONTINUED)****OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS**

Refer to all amounts received as grants, subsidies and contributions or donations that are not non-operating grants.

**NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS**

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

**FEES AND CHARGES**

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

**INTEREST EARNINGS**

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

**OTHER REVENUE / INCOME**

Other revenue, which can not be classified under the above headings, includes dividends, discounts, and rebates. Reimbursements and recoveries should be separated by note to ensure the correct calculation of ratios.

**EXPENSES****EMPLOYEE COSTS**

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences safety expenses, medical examinations, fringe benefit tax, etc.

**MATERIALS AND CONTRACTS**

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc.

**UTILITIES (GAS, ELECTRICITY, WATER, ETC.)**

Expenditures made to the respective agencies for the provision of power, gas or water.

**INSURANCE**

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

**LOSS ON ASSET DISPOSAL**

Loss on the disposal of fixed assets includes loss on disposal of long term investments.

**DEPRECIATION ON NON-CURRENT ASSETS**

Depreciation and amortisation expense raised on all classes of assets.

**INTEREST EXPENSES**

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

**OTHER EXPENDITURE**

Statutory fees, taxes, provision for bad debts, member's fees or State taxes. Donations and subsidies made to community groups.

**CITY OF KARRATHA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
<b>Revenue</b>	1,8,9(a),11(a),11(b)	\$	\$	\$
Governance		1,092,924	760,868	28,460
General purpose funding		48,598,000	49,595,393	47,940,380
Law, order, public safety		590,401	842,856	795,484
Health		158,542	163,750	156,850
Education and welfare		78,000	58,008	58,008
Housing		997,756	836,982	722,254
Community amenities		10,443,981	11,649,935	12,191,200
Recreation and culture		16,795,946	13,563,181	11,666,200
Transport		22,812,423	23,806,186	22,467,845
Economic services		543,350	621,534	627,440
Other property and services		298,984	590,804	275,144
		102,410,307	102,489,497	96,929,265
<b>Expenses excluding finance costs</b>	4(a),5,11(c),(e)			
Governance		(3,491,541)	(3,447,502)	(3,744,029)
General purpose funding		(1,459,347)	(1,765,126)	(11,618,968)
Law, order, public safety		(1,475,308)	(1,493,186)	(1,867,341)
Health		(1,152,792)	(1,085,325)	(1,188,091)
Education and welfare		(178,845)	(478,683)	(196,767)
Housing		(992,084)	(923,470)	(830,189)
Community amenities		(16,940,376)	(17,326,580)	(16,230,730)
Recreation and culture		(43,887,123)	(36,837,408)	(40,888,559)
Transport		(24,820,710)	(27,013,415)	(25,749,327)
Economic services		(5,454,399)	(1,973,900)	(2,171,286)
Other property and services		(150,135)	657,929	9,476
		(100,002,660)	(91,686,666)	(104,475,811)
<b>Finance costs</b>	6(a), 11(d)			
General purpose funding		(5,994)	(7,277)	(8,076)
		(5,994)	(7,277)	(8,076)
<b>Subtotal</b>		2,401,653	10,795,554	(7,554,622)
Non-operating grants, subsidies and contributions	9(b)	5,523,990	2,935,625	4,085,439
Profit on disposal of assets	4(b)	1,200	677,749	692,199
(Loss) on disposal of assets	4(b)	(272,783)	(448,030)	(180,000)
		5,252,407	3,165,344	4,597,638
<b>Net result</b>		<b>7,654,060</b>	<b>13,960,898</b>	<b>(2,956,984)</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>7,654,060</b>	<b>13,960,898</b>	<b>(2,956,984)</b>

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

## KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the City's Community Vision, and for each of its broad activities/programs.

### OBJECTIVE

### ACTIVITIES

#### GOVERNANCE

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

Functions relating to the Councillors and the running of Council. Expenditure includes the running of elections, payments of expenses to Councillors and non statutory donations.

#### LAW, ORDER, PUBLIC SAFETY

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

Supervision of various by-laws, fire and emergency services, and animal control. Includes expenditure for the Ranger Services, State Emergency Service and disaster preparation and recovery expenses.

#### HEALTH

To provide an operational framework for environmental and community health.

Food control, immunisation services, mosquito control and maintenance of child health centres. Expenditure includes the maintenance of the child health clinic buildings, various health promotions and pest control expenses mainly relating to mosquito control.

#### EDUCATION AND WELFARE

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

Maintain preschool facilities and day care centres. This includes expenditure in maintaining the day care centre buildings and also donations to schools for awards etc.

#### HOUSING

To provide and maintain staff housing.

Maintenance and operational expenses associated with the provision of staff housing.

#### COMMUNITY AMENITIES

To provide services required by the community.

Rubbish collection services, operation of waste facilities, administration of town planning schemes and operation of cemeteries. Also included are the costs associated with the maintaining and cleaning of public toilets.

#### RECREATION AND CULTURE

To establish and effectively manage infrastructure and resource which will help the social well being of the community.

Maintenance of halls, swimming pools, recreation centres, various reserves and operation of libraries. Expenditure includes the cost of the Karratha Leisureplex, Red Earth Arts Precinct and other pavilions, ovals and parks maintenance, Roebourne Swimming Pool, coastal rehabilitation, and four libraries. Expenses relating to the historical town of Cossack and JJJ radio re-broadcasting are also included in this function.

#### TRANSPORT

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

Construction and maintenance of roads, drainage, footpaths, parking facilities, traffic signs and the aerodrome. It includes expenditure for the construction and maintenance of the roads, footpaths and also the expenditure relating to parking control and the operation of the Karratha Airport.

#### ECONOMIC SERVICES

To help promote the local government and its economic wellbeing.

Tourism and administration of building controls. Expenditure includes Karratha Visitor Centre, camping areas and costs associated with building control.

#### OTHER PROPERTY AND SERVICES

To monitor and control operating accounts.

Private works and other unclassified works. It also includes expenditure relating to plant operations and the Technical Services division however these costs are then reallocated to the other functions. The costs associated with financing and administration are allocated direct to the relevant functions.

**CITY OF KARRATHA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		43,427,852	41,833,893	42,724,223
Operating grants, subsidies and contributions		18,429,528	21,037,893	12,891,279
Fees and charges		37,545,656	42,724,429	43,041,634
Service charges		0	(965)	0
Interest earnings		1,174,577	2,043,235	2,316,425
Goods and services tax		19,709	0	0
Other revenue		765,673	1,903,810	938,962
		101,362,995	109,542,295	101,912,523
<b>Payments</b>				
Employee costs		(35,931,106)	(34,747,330)	(34,467,960)
Materials and contracts		(29,444,529)	(32,997,477)	(28,560,908)
Utility charges		(6,475,307)	(6,211,917)	(6,268,791)
Interest expenses		(5,994)	(8,076)	(8,076)
Insurance expenses		(1,773,981)	(1,777,350)	(1,724,673)
Other expenditure		(4,460,820)	(3,300,628)	(14,764,981)
		(78,091,737)	(79,042,778)	(85,795,389)
<b>Net cash provided by (used in) operating activities</b>	3	23,271,258	30,499,517	16,117,134
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for other loans and receivables [describe]		(3,246,000)	0	0
Payments for development of land held for resale	4(a)	(150,000)	0	0
Payments for purchase of investment property	4(a)	(125,100)	0	0
Payments for purchase of property, plant & equipment	4(a)	(15,872,674)	(7,831,271)	(9,635,805)
Payments for construction of infrastructure	4(a)	(20,926,361)	(20,734,006)	(22,837,018)
Non-operating grants, subsidies and contributions		5,523,990	2,935,625	4,085,439
Proceeds from sale of plant and equipment	4(b)	1,028,200	1,191,050	1,812,500
Proceeds on financial assets at amortised cost - self supporting loans	6(a)	85,520	93,849	6,266
Proceeds on other loans and receivables [describe]		0	9,249	0
<b>Net cash provided by (used in) investing activities</b>		(33,682,425)	(24,335,504)	(26,568,618)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	6(a)	(85,520)	(83,439)	(83,438)
<b>Net cash provided by (used in) financing activities</b>		(85,520)	(83,439)	(83,438)
<b>Net increase (decrease) in cash held</b>		(10,496,687)	6,080,574	(10,534,922)
Cash at beginning of year		74,128,328	68,047,754	66,298,482
<b>Cash and cash equivalents at the end of the year</b>	3	<b>63,631,641</b>	<b>74,128,328</b>	<b>55,763,560</b>

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

**CITY OF KARRATHA**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Restricted surplus at start of financial year		452,483	452,483	656,270
Net current assets at start of financial year - surplus/(deficit)		5,048,682	4,145,751	1,425,186
		5,501,165	4,598,234	2,081,456
<b>Revenue from operating activities (excluding rates)</b>				
Governance		1,092,924	1,216,624	482,566
General purpose funding		5,223,759	7,464,202	5,864,622
Law, order, public safety		590,401	842,856	795,984
Health		158,542	163,750	156,850
Education and welfare		78,000	58,008	58,008
Housing		997,756	1,057,475	942,747
Community amenities		10,443,981	11,649,935	12,208,200
Recreation and culture		16,795,946	13,563,181	11,666,200
Transport		22,813,623	23,807,686	22,467,945
Economic services		543,350	621,534	627,440
Other property and services		298,984	590,804	275,144
		59,037,266	61,036,055	55,545,706
<b>Expenditure from operating activities</b>				
Governance		(3,491,541)	(3,465,151)	(3,744,029)
General purpose funding		(1,465,341)	(1,772,403)	(11,627,044)
Law, order, public safety		(1,496,808)	(1,502,186)	(1,874,341)
Health		(1,152,792)	(1,085,325)	(1,188,091)
Education and welfare		(178,845)	(478,683)	(196,767)
Housing		(992,084)	(923,470)	(830,189)
Community amenities		(17,099,376)	(17,400,580)	(16,275,230)
Recreation and culture		(43,923,311)	(36,912,323)	(40,923,059)
Transport		(24,844,905)	(27,254,967)	(25,831,827)
Economic services		(5,463,399)	(1,982,314)	(2,176,286)
Other property and services		(173,035)	635,429	2,976
		(100,281,437)	(92,141,973)	(104,663,887)
Non-cash amounts excluded from operating activities	2 (a)(i)	18,865,845	17,527,888	18,176,299
<b>Amount attributable to operating activities</b>		(16,877,161)	(8,979,796)	(28,860,426)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	9(b)	5,523,990	2,935,625	4,085,439
Purchase land held for resale	4(a)	(150,000)	0	0
Purchase investment property	4(a)	(125,100)	0	0
Purchase property, plant and equipment	4(a)	(15,872,674)	(7,831,271)	(9,635,805)
Purchase and construction of infrastructure	4(a)	(20,926,361)	(20,734,006)	(22,837,018)
Proceeds from disposal of assets	4(b)	1,028,200	1,191,050	1,812,500
Proceeds from self supporting loans	6(a)	85,520	93,849	83,584
Advances to Community Groups		(3,246,000)	0	0
<b>Amount attributable to investing activities</b>		(33,682,425)	(24,344,753)	(26,491,300)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	6(a)	(85,520)	(83,439)	(83,438)
Transfers to cash backed reserves (restricted assets)	7(a)	(14,849,022)	(21,735,882)	(20,361,285)
Transfers from cash backed reserves (restricted assets)	7(a)	22,552,393	18,513,844	34,392,649
<b>Amount attributable to financing activities</b>		7,617,851	(3,305,477)	13,947,926
<b>Budgeted deficiency before general rates</b>		(42,941,735)	(36,630,026)	(41,403,801)
<b>Estimated amount to be raised from general rates</b>	1	43,374,241	42,131,191	42,075,758
<b>Less Restricted Surplus</b>		(298,823)	(452,483)	(644,630)
<b>Net current assets at end of financial year - surplus/(deficit)</b>	2 (a)(iii)	<b>133,683</b>	<b>5,048,682</b>	<b>27,327</b>

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

**CITY OF KARRATHA**  
**INDEX OF NOTES TO THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**

Note 1	Rates	9
Note 2	Net Current Assets	16
Note 3	Reconciliation of Cash	19
Note 4(a)	Asset Acquisitions	20
Note 4(b)	Asset Disposals	21
Note 5	Asset Depreciation	22
Note 6	Borrowings	23
Note 7	Reserves	25
Note 8	Fees and Charges	28
Note 9	Grant Revenue	28
Note 10	Revenue Recognition	29
Note 11	Other Information	32
Note 12	Major Land Transactions	33
Note 13	Trading Undertakings and Major Trading Undertakings	34
Note 14	Interests in Joint Arrangements	36
Note 15	Trust	36
Note 16	Significant Accounting Policies - Other Information	37



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

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2020/21 Budgeted rate revenue	2020/21 Budgeted interim rates	2020/21 Budgeted back rates	2020/21 Budgeted total revenue	2019/20 Actual total revenue	2019/20 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
<b>Differential general rate or general rate</b>									
<b>Gross rental valuations</b>									
Residential	0.117479	7,001	143,590,181	16,868,831	60,000	6,000	16,934,831	16,909,474	16,912,455
Commercial / Industrial	0.100770	710	70,726,495	7,127,109	210,000	0	7,337,109	7,001,924	7,278,929
Airport / Strategic Industry	0.156459	26	13,041,570	2,040,471	0	0	2,040,471	2,042,459	1,333,855
Transient Workforce Accommodation / Workforce Accommodation	0.387044	23	13,760,200	5,325,803	0	0	5,325,803	5,328,137	5,600,447
<b>Unimproved valuations</b>									
Pastoral	0.103638	10	2,784,254	288,555	0	0	288,555	187,186	281,231
Mining / Other	0.132900	212	6,905,941	917,800	0	0	917,800	876,730	881,112
Strategic Industry	0.184880	31	40,414,678	7,477,874	0	0	7,477,874	6,762,594	6,762,594
<b>Sub-Totals</b>		8,013	291,223,319	40,046,443	270,000	6,000	40,322,443	39,108,504	39,050,623
<b>Minimum</b>									
<b>Minimum payment</b>									
\$									
<b>Gross rental valuations</b>									
Residential	1,549	1,507	12,843,313	2,334,343	0	0	2,334,343	2,314,206	2,317,304
Commercial / Industrial	1,549	402	3,018,161	622,698	0	0	622,698	614,953	614,953
Airport / Strategic Industry	1,549	2	6,600	3,098	0	0	3,098	1,549	1,549
Transient Workforce Accommodation / Workforce Accommodation	1,549	0	0	0	0	0	0	0	0
<b>Unimproved valuations</b>									
Pastoral	325	0	0	0	0	0	0	0	0
Mining / Other	325	203	222,555	65,975	0	0	65,975	67,925	67,275
Strategic Industry	325	13	11	4,225	0	0	4,225	3,575	3,575
<b>Sub-Totals</b>		2,127	16,090,640	3,030,339	0	0	3,030,339	3,002,208	3,004,656
		10,140	307,313,959	43,076,782	270,000	6,000	43,352,782	42,110,712	42,055,279
Concessions (Refer note 1(e))							(29,980)	(29,980)	(29,980)
Ex-gratia rates							51,439	50,459	50,459
<b>Total amount raised from general rates</b>							43,374,241	42,131,191	42,075,758
Specified area rates (Refer note 1(c))							0	0	0
<b>Total rates</b>							43,374,241	42,131,191	42,075,758

All land (other than exempt land) in the City of Karratha is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the City of Karratha.

The differential general rates and minimum payments are at a level no higher than that imposed in 2019/20, recognising the economic impacts of the COVID-19 pandemic.

## 1. RATES AND SERVICE CHARGES (CONTINUED)

### (b) Interest Charges and Instalments - Rates and Service Charges

The following instalment options are available to ratepayers for the payment of rates and service charges.

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
<b>Option one</b>				
Payment in Full	31/08/2020	0	0.0%	8.0%
<b>Option two</b>				
Instalment 1	31/08/2020	0	4.5%	8.0%
Instalment 2	19/01/2021	10	4.5%	8.0%
<b>Option three</b>				
Instalment 1	31/08/2020	0	4.5%	8.0%
Instalment 2	10/11/2020	10	4.5%	8.0%
Instalment 3	19/01/2021	10	4.5%	8.0%
Instalment 4	23/03/2021	10	4.5%	8.0%

	2020/21 Budget revenue	2019/20 Actual revenue	2019/20 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	61,000	71,000	73,000
Instalment plan interest earned	90,000	88,316	97,000
Unpaid rates and service charge interest earned	240,000	337,500	330,000
Service Charge Instalment Plan Admin Charge Revenue	2,690	2,690	4,050
Service Charge Instalment Plan Interest Earned	28,443	28,443	38,971
Unpaid Service Charges Interest Earned	24,000	62,000	43,500
Administration Fee - Adhoc Arrangement	0	0	1,200
Administration Fee - Direct Debit	0	0	800
Deferred Pensioner Interest	1,100	1,105	350
	447,233	591,054	588,871

## 1. RATES AND SERVICE CHARGES (CONTINUED)

### (c) Objectives and Reasons for Differential Rating

To provide equity in the rating of properties across the City the following rate categories have been determined for the implementation of differential rating. The process of advertising and seeking submissions for differential rates for 2020/21 was deemed unnecessary in accordance with *Local Government Amendment (COVID-19 Response) Act 2020*.

#### Differential general rate

Description	Characteristics	Objects	Reasons
GRV Residential	Land predominantly used for residential purposes or is zoned as residential	This rate provides level of diverse range of services and programs desired by the community	This is considered to be the base rate above which all other GRV rated properties are assessed
GRV Commercial / Industrial	Land predominately used for either commercial, tourism, industrial purposes or any land that doesn't have the characteristics of any other GRV differential rate category	This rates focusses on sustainably managing its community and infrastructure assets	This rate recognises a greater share of costs associated with economic development, tourism, marketing, parking, LIA infrastructure, environmental health, regulatory services and CBD infrastructure and amenity
GRV Airport / Strategic Industry	Land located within Karratha Airport Reserve #30948 or predominately used for the purpose of resource processing	This rates focusses on sustainably managing its community and infrastructure assets	This rate recognises a greater share of costs associated with economic development, tourism, marketing, parking, and transport infrastructure associated with heavy plant and equipment
GRV Transient Workforce Accommodation / Workforce Accommodation	Land predominately used for workforce accommodation or transient workforce accommodation purposes or zoned as Transient Workforce	This rates focusses on sustainably managing its community and infrastructure assets	This rate recognises the diverse range of services, programs and infrastructure/facilities required for developed residential and urban areas and these are available to FIFO workers
UV Pastoral	Land has a current pastoral lease granted and is used predominately for purpose of grazing, dairying, pig, poultry, fish, tree farming, bee-keeping, viticulture, horticulture, fruit growing or the growing of crops of any kind	This rates focusses on sustainably managing its community and infrastructure assets	This rate recognises a greater share of costs associated with rural infrastructure and services

## 1. RATES AND SERVICE CHARGES (CONTINUED)

### (c) Objectives and Reasons for Differential Rating (cont.)

#### Differential general rate

Description	Characteristics	Objects	Reasons
UV Mining / Other	Land that a mining, exploration, prospecting or retention lease and/or license has been granted or that does not have the characteristics of any other UV differential rate category	This rates focusses on sustainably managing its community and infrastructure assets	This rate reflects the impact on utilisation of rural infrastructure (comparative to Pastoral) by heavy transport and associated higher traffic volumes
UV Strategic Industry	Land that is predominately used for industrial or resource processing or used for the purpose of supporting a transient workforce	The objective is to raise additional revenue to contribute toward higher costs to sustainably manage infrastructure assets associated with these operations	This rate reflects the impact on utilisation of urban and rural infrastructure (comparative to Pastoral) by heavy transport and associated higher traffic volumes by operations associated with State Agreements and/or significant resource sector operations

#### Differential Minimum Payment

Description	Characteristics	Objects	Reasons
GRV Residential	Land predominantly used for residential purposes or is zoned as residential	This rate is considered the minimum contribution for basic services and infrastructure	This is considered to be the base minimum for GRV rated properties
UV Pastoral	Land has a current pastoral lease granted and is used predominately for purpose of grazing, dairying, pig, poultry, fish, tree farming, bee-keeping, viticulture, horticulture, fruit growing or the growing of crops of any kind	This rate is considered the minimum contribution for basic services and infrastructure	This is considered to be the base minimum for UV rated properties

## 1. RATES AND SERVICE CHARGES (CONTINUED)

### (d) Specified Area Rate

The City did not raise specified area rates for the year ended 30 June 2021.

### (e) Service Charges

	Amount of charge	2020/21 Budgeted revenue	Budget Amount to be applied to costs	Budget Amount to be set aside to reserve	Reserve Amount to be applied to costs	2019/20 Actual revenue	2019/20 Budget revenue
<b>Service charge</b>	\$	\$	\$	\$	\$	\$	\$
PUPP HV Allocation	48.26	0	0	0	0	0	0
PUPP LV Allocation	196.38	0	0	0	0	(965)	0
PUPP Connection Cost	1,022.17	0	0	0	0	0	0
		0	0	0	0	(965)	0

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.

1. RATES AND SERVICE CHARGES (CONTINUED)

(f) Waivers or concessions

Rate or fee and charge to which the waiver or concession is granted	Type	Discount %	Discount (\$)	2020/21 Budget	2019/20 Actual	2019/20 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
Cossack Concessions	Concession		\$1,499	\$ 29,980	\$ 29,980	\$ 29,980	All 20 rateable properties within the Cossack Township.	To recognise the heritage nature of the Cossack Township, development restrictions and lack of town utilities.
Fees and Charges	Waiver	% or Amount as determined upon application		30,000	13,346	24,000	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 recognise the community benefit provided by local Not for Profit Community Organisations and assist them to remain viable.
	Waiver	% or Amount as determined upon application		20,000	7,813	0	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.
	Waiver	% or Amount as determined upon application		50,000	163	11,691	General Fee Waivers considered on an individual basis administratively by delegated authority.	To ensure business continuity, administrative efficiency and marketing opportunities.

## 1. RATES AND SERVICE CHARGES (CONTINUED)

## (e) Waivers or concessions

Rate or fee and charge to which the waiver or concession is granted	Type	Discount %	Discount (\$)	2020/21 Budget	2019/20 Actual	2019/20 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
Fees and Charges	Write Off	Amount as determined upon application		\$ 50,000	\$ 0	\$ 0	Considered on an individual basis by Council or administratively by delegated authority.	To manage the City's debt portfolio in an economically viable manner.
Rates	Waiver	100.00%		31,069	38,287	38,275	Waiver of Rates for Local Groups where no commercial return is derived from the property.	To assist local organisations to remain operational for the benefit of the Community.
Rates and Penalty Interest	Write Off	Amount as determined upon application		30,000	0	0	Considered on an individual basis by Council or administratively by delegated authority.	To manage the City's rates register in an economically viable manner.
				241,049	89,589	103,946		

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2 (a). NET CURRENT ASSETS**

**Items excluded from calculation of budgeted deficiency**

When calculating the budget deficiency for the purpose of Section 6.2 (2)(c) of the *Local Government Act 1995* the following amounts have been excluded as provided by *Local Government (Financial Management) Regulation 32* which will not fund the budgeted expenditure.

**(i) Operating activities excluded from budgeted deficiency**

The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.

**Adjustments to operating activities**

	Note	2020/21 Budget 30 June 2021	2019/20 Actual 30 June 2020	2019/20 Budget 30 June 2020
		\$	\$	\$
Less: Profit on asset disposals	4(b)	(1,200)	(677,749)	(692,199)
Add: Loss on disposal of assets	4(b)	272,783	448,030	180,000
Add: Depreciation on assets	5	18,594,262	17,757,607	18,688,498
<b>Non cash amounts excluded from operating activities</b>		<b>18,865,845</b>	<b>17,527,888</b>	<b>18,176,299</b>

**(ii) Current assets and liabilities excluded from budgeted deficiency**

The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.

**Adjustments to net current assets**

Less: Cash - restricted reserves	3	(62,366,472)	(70,069,843)	(52,111,903)
Less: Current assets not expected to be received at end of year				
- Land held for resale		(185,893)	(35,893)	0
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings		87,653	85,520	85,520
- Employee benefit provisions		3,617,024	3,701,791	4,088,932
Add: Movement in provisions between current and non-current provisions		84,768	0	(494,128)
<b>Total adjustments to net current assets</b>		<b>(58,762,920)</b>	<b>(66,318,425)</b>	<b>(48,431,579)</b>



2 (a). NET CURRENT ASSETS (CONTINUED)

EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)

	2020/21 Budget 30 June 2021	2019/20 Actual 30 June 2020	2019/20 Budget 30 June 2020
Note	\$	\$	\$
<b>(iii) Composition of estimated net current assets</b>			
<b>Current assets</b>			
Cash and cash equivalents- unrestricted	1,265,169	4,058,485	3,651,657
Cash and cash equivalents - restricted			
Cash backed reserves	62,366,472	70,069,843	52,111,903
Financial assets - unrestricted	3,167,678	(78,322)	0
Receivables	4,726,535	8,276,371	8,834,944
Inventories	477,604	342,957	401,785
	72,003,458	82,669,334	65,000,289
<b>Less: current liabilities</b>			
Trade and other payables	(9,103,355)	(5,290,088)	(11,722,301)
Contract liabilities	0	(1,351,148)	0
Long term borrowings	(87,653)	(85,520)	(85,520)
Provisions	(3,617,024)	(4,122,988)	(4,088,932)
	(12,808,032)	(10,849,744)	(15,896,753)
<b>Net current assets</b>	59,195,426	71,819,590	49,103,536
<b>Less: Total adjustments to net current assets</b>	(58,762,920)	(66,318,425)	(48,431,579)
<b>Less Restricted Surplus</b>	(298,823)	(452,483)	(644,630)
<b>Closing funding surplus / (deficit)</b>	133,683	5,048,682	27,327

## 2 (b). NET CURRENT ASSETS (CONTINUED)

### SIGNIFICANT ACCOUNTING POLICIES

#### CURRENT AND NON-CURRENT CLASSIFICATION

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the City's intentions to release for sale.

#### 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 of Karratha 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 normally paid within 30 days of recognition.

#### CONTRACT ASSETS

A contract asset is the right to consideration in exchange for goods or services the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

#### PROVISIONS

Provisions are recognised when the City has a 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.

#### INVENTORIES

##### 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.

##### Superannuation

The City of Karratha contributes to a number of superannuation funds on behalf of employees.

All funds to which the City of Karratha contributes are defined contribution plans.

#### LEASE LIABILITIES

The present value of future lease payments not paid at the reporting date discounted using the incremental borrowing rate where the implicit interest rate in the lease is not readily determined.

#### TRADE AND OTHER RECEIVABLES

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

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

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

#### EMPLOYEE BENEFITS

##### Short-term employee benefits

Provision is made for the City of Karratha'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 of Karratha'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. The City of Karratha's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

#### LAND HELD FOR RESALE

Land held for development and sale 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. Finance 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 on to the buyer at this point.

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

#### CONTRACT LIABILITIES

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. Grants to acquire or construct recognisable non-financial assets to be controlled by the City are recognised as a liability until such time as the City satisfies its obligations under the agreement.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**3. RECONCILIATION OF CASH**

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

Note	2020/21 Budget	2019/20 Actual	2019/20 Budget	
	\$	\$	\$	
Cash at bank and on hand	63,631,641	70,102,405	55,763,560	
Term deposits	0	4,025,923	0	
	63,631,641	74,128,328	55,763,560	
- Unrestricted cash and cash equivalents	1,265,169	4,058,485	3,651,657	
- Restricted cash and cash equivalents	62,366,472	70,069,843	52,111,903	
	63,631,641	74,128,328	55,763,560	
The following restrictions have been imposed by regulation or other externally imposed requirements on cash and cash equivalents:				
Aerodrome Reserve	4,224,627	4,057,520	4,961,403	
Carry Forward Budget Reserve	362,229	515,082	642,089	
Community Development Reserve	469,268	912,088	1,378,618	
Dampier Drainage Reserve	11,095	10,979	11,057	
Economic Development Reserve	850,132	1,323,527	832,930	
Employee Entitlement Reserve	5,159,755	5,106,124	5,117,507	
Infrastructure Reserve	19,154,137	26,155,436	9,338,768	
Medical Services Assistance Package Reserve	408,742	404,496	351,356	
Mosquito Control Reserve	10,148	10,043	10,108	
Partnership Reserve	10,866,181	8,013,640	5,028,181	
Plant Replacement Reserve	810,751	809,389	136,736	
Restricted Funds Reserve	393,835	1,763,835	417,024	
Walkington Theatre Reserve	33,661	33,313	33,548	
Waste & Sanitation Management Reserve	19,215,173	20,561,758	23,553,910	
Workers Compensation Reserve	396,738	392,613	298,668	
	62,366,472	70,069,843	52,111,903	
<b>Reconciliation of net cash provided by operating activities to net result</b>				
<b>Net result</b>	7,654,060	13,960,898	(2,956,984)	
Depreciation	5	18,594,262	17,757,607	18,688,498
(Profit)/loss on sale of asset	4(b)	271,583	(229,719)	(512,199)
(Increase)/decrease in receivables		303,836	5,514,044	4,983,258
(Increase)/decrease in inventories		15,353	68,401	0
Increase/(decrease) in payables		3,813,266	(4,987,237)	
Increase/(decrease) in contract liabilities		(1,351,148)	1,351,148	0
Increase/(decrease) in employee provisions		(505,964)	0	0
Non-operating grants, subsidies and contributions		(5,523,990)	(2,935,625)	(4,085,439)
<b>Net cash from operating activities</b>		23,271,258	30,499,517	16,117,134

**SIGNIFICANT ACCOUNTING POLICES**

**CASH AND CASH EQUIVALENTS**

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 2 - Net Current Assets.

**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.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**4. FIXED ASSETS**

**(a) Acquisition of Assets**

The following assets are budgeted to be acquired during the year.

Asset class	Reporting program										2020/21 Budget total	2019/20 Actual total	2019/20 Budget total
	Governance	Law, order, public safety	Health	Education and welfare	Housing	Community amenities	Recreation and culture	Transport	Economic services	Other property and services			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b><u>Property, Plant and Equipment</u></b>													
Land - freehold land	0	0	0	0	0	0	0	0	0	3,000,000	3,000,000	0	0
Buildings - non-specialised	105,000	0	10,000	30,000	400,000	269,630	1,238,000	225,000	0	0	2,277,630	5,173,056	5,133,568
Furniture and equipment	2,253,500	0	0	0	0	0	630,991	15,000	0	0	2,899,491	621,950	1,008,237
Plant	25,000	92,000	45,000	0	0	1,978,159	639,000	1,458,000	0	137,000	4,374,159	1,791,103	2,415,500
Equipment (External)	0	0	0	0	0	137,000	425,000	2,096,045	0	0	2,658,045	182,476	828,500
Artwork & Sculptures	0	0	0	0	0	0	536,562	126,787	0	0	663,349	62,686	250,000
	2,383,500	92,000	55,000	30,000	400,000	2,384,789	3,469,553	3,920,832	0	3,137,000	15,872,674	7,831,271	9,635,805
<b><u>Infrastructure</u></b>													
Infrastructure - Roads	0	0	0	0	0	0	0	8,908,115	0	0	8,908,115	3,967,662	2,977,445
Infrastructure - Footpaths	0	0	0	0	0	0	0	1,010,089	0	0	1,010,089	1,853,500	1,442,115
Infrastructure - Drainage	0	0	0	0	0	0	0	370,324	0	0	370,324	160,000	250,000
Infrastructure - Parks, Recreation & Open Space	0	0	0	0	0	0	6,250,753	452,400	0	0	6,703,153	13,516,721	17,222,908
Infrastructure - Aerodromes	0	0	0	0	0	0	0	1,295,680	0	0	1,295,680	260,000	215,000
Infrastructure - Miscellaneous	0	0	0	166,000	0	45,000	1,403,000	825,000	200,000	0	2,639,000	976,123	729,550
	0	0	0	166,000	0	45,000	7,653,753	12,861,608	200,000	0	20,926,361	20,734,006	22,837,018
<b><u>Land Held for Resale</u></b>													
Land held for resale	0	0	0	0	0	0	0	0	0	150,000	150,000	0	0
<b><u>Investment Property</u></b>													
Buildings	125,100	0	0	0	0	0	0	0	0	0	125,100	0	0
	125,100	0	0	0	0	0	0	0	0	0	125,100	0	0
<b>Total acquisitions</b>	<b>2,508,600</b>	<b>92,000</b>	<b>55,000</b>	<b>196,000</b>	<b>400,000</b>	<b>2,429,789</b>	<b>11,123,306</b>	<b>16,782,440</b>	<b>200,000</b>	<b>3,287,000</b>	<b>37,074,135</b>	<b>28,565,277</b>	<b>32,472,823</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**RECOGNITION OF ASSETS**

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 plant and equipment assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised. In the case of infrastructure assets, assets are recognised individually to support asset maintenance programming and associated reporting

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

4. FIXED ASSETS

(b) Disposals of Assets

The following assets are budgeted to be disposed of during the year.

	2020/21 Budget Net Book Value	2020/21 Budget Sale Proceeds	2020/21 Budget Profit	2020/21 Budget Loss	2019/20 Actual Net Book Value	2019/20 Actual Sale Proceeds	2019/20 Actual Profit	2019/20 Actual Loss	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>By Program</b>												
Governance	9,000	9,000	0	0	130,993	569,100	455,756	(17,649)	35,894	490,000	454,106	0
Law, order, public safety	66,000	44,500	0	(21,500)	34,000	25,000	0	(9,000)	30,000	23,500	500	(7,000)
Health	14,500	14,500	0	0	0	0	0	0	29,000	29,000	0	0
Housing	0	0	0	0	74,507	295,000	220,493	0	499,507	720,000	220,493	0
Community amenities	485,000	326,000	0	(159,000)	147,500	73,500	0	(74,000)	151,000	123,500	17,000	(44,500)
Recreation and culture	133,188	97,000	0	(36,188)	114,615	39,700	0	(74,915)	138,000	103,500	0	(34,500)
Transport	469,195	446,200	1,200	(24,195)	384,552	144,500	1,500	(241,552)	320,900	238,500	100	(82,500)
Economic services	43,500	34,500	0	(9,000)	40,664	32,250	0	(8,414)	54,000	49,000	0	(5,000)
Other property and services	79,400	56,500	0	(22,900)	34,500	12,000	0	(22,500)	42,000	35,500	0	(6,500)
	1,299,783	1,028,200	1,200	(272,783)	961,331	1,191,050	677,749	(448,030)	1,300,301	1,812,500	692,199	(180,000)
<b>By Class</b>												
<i>Property, Plant and Equipment</i>												
Land - freehold land	0	0	0	0	138,324	592,430	454,106	0	35,894	490,000	454,106	0
Buildings - non-specialised	0	0	0	0	(27,923)	192,570	220,493	0	499,507	720,000	220,493	0
Furniture and equipment	0	0	0	0	0	0	0	0	0	0	0	0
Plant	1,243,783	994,200	1,200	(250,783)	815,143	391,850	3,150	(426,443)	724,400	566,000	17,600	(176,000)
Equipment (External)	56,000	34,000	0	(22,000)	35,787	14,200	0	(21,587)	40,500	36,500	0	(4,000)
	1,299,783	1,028,200	1,200	(272,783)	961,331	1,191,050	677,749	(448,030)	1,300,301	1,812,500	692,199	(180,000)

SIGNIFICANT ACCOUNTING POLICIES

GAINS AND LOSSES ON DISPOSAL

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

**5. ASSET DEPRECIATION**

**By Program**

Governance
Law, order, public safety
Health
Education and welfare
Housing
Community amenities
Recreation and culture
Transport
Economic services
Other property and services

**By Class**

Buildings - non-specialised
Furniture and equipment
Plant
Equipment (External)
Artwork & Sculptures
Infrastructure - Roads
Infrastructure - Footpaths
Infrastructure - Aerodromes
Infrastructure - Other

<b>2020/21 Budget</b>	<b>2019/20 Actual</b>	<b>2019/20 Budget</b>
\$	\$	\$
425,023	394,796	615,973
120,715	82,235	153,814
43,856	44,680	45,671
114,996	114,712	114,455
296,565	292,674	287,582
951,278	951,038	1,000,917
6,210,321	5,912,251	6,024,283
9,169,252	9,042,493	9,240,735
50,038	49,976	44,662
1,212,218	872,752	1,160,406
<b>18,594,262</b>	<b>17,757,607</b>	<b>18,688,498</b>
5,288,646	5,255,840	5,180,091
509,333	462,502	792,319
1,264,618	898,090	1,211,630
93,629	95,010	185,566
39,794	38,587	35,109
4,986,952	4,904,680	5,124,928
780,368	741,899	694,680
2,068,534	2,067,444	2,153,236
3,562,388	3,293,555	3,310,939
<b>18,594,262</b>	<b>17,757,607</b>	<b>18,688,498</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**DEPRECIATION**

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and is undertaken as part of the asset revaluation cycle.

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.

Major depreciation periods used for each class of depreciable asset are:

Buildings	10 to 100 Years
Furniture and equipment	3 to 10 Years
Plant	2 to 15 Years
Artwork	50 Years
Infrastructure	
- Roads	12 to 80 Years
- Paths and cycleways	10 to 80 Years
- Drains and Stormwater Network	40 to 80 Years
- Parks Developments	15 to 30 Years
- Bridges	60 Years
- Aerodrome Assets	10 to 80 Years
- Miscellaneous structures	15 to 100 Years
- Boat ramps/jetties	25 Years
- Street Lighting	15 to 20 Years

**AMORTISATION**

The depreciable amount of all intangible assets with a finite useful life, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

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

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**6. INFORMATION ON BORROWINGS**

**(a) Borrowing repayments**

Movement in borrowings and interest between the beginning and the end of the current financial year.

Purpose	Loan Number	Institution	Interest Rate	Budget	2020/21	2020/21	Budget	2020/21	Actual	2019/20	2019/20	Actual	2019/20	Budget	2019/20	2019/20	Budget	2019/20	
				Principal 1 July 2020	Budget New Loans	Budget Principal Repayments	Principal outstanding 30 June 2021	Budget Interest Repayments		Principal 1 July 2019	Actual New Loans	Actual Principal Repayments	Principal outstanding 30 June 2020		Actual Interest Repayments	Principal 1 July 2019	Budget New Loans	Budget Principal Repayments	Principal outstanding 30 June 2020
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Self Supporting Loans</b>																			
<b>General Purpose Funding</b>																			
Karratha Country Club 2016	1	WATC	2.44%	213,757	0	69,531	144,226	4,794	281,622	0	67,865	213,757	5,806	279,013	0	67,865	211,148	6,460	
Karratha & Districts RSL 2018	100	WATC	2.65%	49,258	0	15,989	33,269	1,200	64,831	0	15,574	49,257	1,471	63,557	0	15,573	47,984	1,616	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				263,015	0	85,520	177,495	5,994	346,453	0	83,439	263,014	7,277	342,570	0	83,438	259,132	8,076	

All borrowing repayments, other than self supporting loans, will be financed by general purpose revenue. The self supporting loan(s) repayment will be fully reimbursed

## 6. INFORMATION ON BORROWINGS

### (b) New borrowings - 2020/21

The City does not intend to undertake any new borrowings for the year ended 30 June 2021.

### (c) Unspent borrowings

The City had no unspent borrowing funds as at 30 June 2020 nor is it expected to have unspent borrowing funds as at 30 June 2021.

### (d) Credit Facilities

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
<b>Undrawn borrowing facilities credit standby arrangements</b>			
Bank overdraft limit	1,000,000	1,000,000	1,000,000
Bank overdraft at balance date	0	0	0
Credit card limit	107,000	107,000	115,500
Credit card balance at balance date	(20,000)	(21,500)	(28,000)
<b>Total amount of credit unused</b>	<b>1,087,000</b>	<b>1,085,500</b>	<b>1,087,500</b>
<b>Loan facilities</b>			
Loan facilities in use at balance date	177,495	263,014	259,132



**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**7. CASH BACKED RESERVES**

**(a) Cash Backed Reserves - Movement**

	<b>2020/21</b>	<b>2020/21</b>	<b>2020/21</b>	<b>2019/20</b>	<b>2019/20</b>	<b>2019/20</b>	<b>2019/20</b>	<b>2019/20</b>	<b>2019/20</b>	<b>2019/20</b>	<b>2019/20</b>	
	<b>Budget</b>	<b>2020/21</b>	<b>Budget</b>	<b>Actual</b>	<b>2019/20</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>2019/20</b>	<b>Budget</b>	<b>2019/20</b>	
	<b>Opening</b>	<b>Budget</b>	<b>Transfer</b>	<b>Opening</b>	<b>Actual</b>	<b>Transfer</b>	<b>Closing</b>	<b>Opening</b>	<b>Budget</b>	<b>Transfer</b>	<b>Budget</b>	
	<b>Balance</b>	<b>Transfer to</b>	<b>(from)</b>	<b>Balance</b>	<b>Transfer to</b>	<b>(from)</b>	<b>Balance</b>	<b>Balance</b>	<b>Transfer to</b>	<b>(from)</b>	<b>Balance</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	
(a) Aerodrome Reserve	4,057,520	167,107	0	4,224,627	2,809,609.00	1,247,911	0	4,057,520	3,274,164	1,687,239	0	4,961,403
(b) Carry Forward Budget Reserve	515,082	0	(152,853)	362,229	552,475	0	(37,393)	515,082	819,482	0	(177,393)	642,089
(c) Community Development Reserve	912,088	9,580	(452,400)	469,268	894,049	18,039	0	912,088	1,342,696	35,922	0	1,378,618
(d) Dampier Drainage Reserve	10,979	116	0	11,095	10,763	216	0	10,979	10,771	286	0	11,057
(e) Economic Development Reserve	1,323,527	13,902	(487,297)	850,132	1,297,350	26,177	0	1,323,527	1,298,198	34,732	(500,000)	832,930
(f) Employee Entitlement Reserve	5,106,124	53,631	0	5,159,755	5,005,137	100,987	0	5,106,124	4,984,165	133,342	0	5,117,507
(g) Infrastructure Reserve	26,155,436	4,476,620	(11,477,919)	19,154,137	22,636,681	15,868,196	(12,349,441)	26,155,436	22,624,481	14,713,042	(27,998,755)	9,338,768
(h) Medical Services Assistance Package Reserve	404,496	4,246	0	408,742	396,497	7,999	0	404,496	342,237	9,119	0	351,356
(i) Mosquito Control Reserve	10,043	105	0	10,148	9,285	758	0	10,043	9,291	817	0	10,108
(j) Partnership Reserve	8,013,640	9,910,308	(7,057,767)	10,866,181	9,945,792	4,035,654	(5,967,806)	8,013,640	8,979,997	1,018,685	(4,970,501)	5,028,181
(k) Plant Replacement Reserve	809,389	1,362	0	810,751	859,178	16,351	(66,140)	809,389	859,739	22,997	(746,000)	136,736
(l) Restricted Funds Reserve	1,763,835	0	(1,370,000)	393,835	1,893,835	0	(130,000)	1,763,835	417,024	0	0	417,024
(m) Walkington Theatre Reserve	33,313	348	0	33,661	32,653	660	0	33,313	32,675	873	0	33,548
(n) Waste & Sanitation Management Reserve	20,561,758	207,572	(1,554,157)	19,215,173	20,119,654	405,168	36,936	20,561,758	20,864,407	2,689,503	0	23,553,910
(o) Workers Compensation Reserve	392,613	4,125	0	396,738	384,847	7,766	0	392,613	283,940	14,728	0	298,668
	<b>70,069,843</b>	<b>14,849,022</b>	<b>(22,552,393)</b>	<b>62,366,472</b>	<b>66,847,805</b>	<b>21,735,882</b>	<b>(18,513,844)</b>	<b>70,069,843</b>	<b>66,143,267</b>	<b>20,361,285</b>	<b>(34,392,649)</b>	<b>52,111,903</b>

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**7. CASH BACKED RESERVES (CONTINUED)**

**(b) Cash Backed Reserves - Purposes**

In accordance with Council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

	<b>Reserve name</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
(a)	Aerodrome Reserve	Ongoing	To fund the development, operation and maintenance of the Karratha Airport, inclusive of any repayments of borrowings and the funding of employee entitlements.
(b)	Carry Forward Budget Reserve	2019	For preserving projects funds carried over.
(c)	Community Development Reserve	Ongoing	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.
(d)	Dampier Drainage Reserve	Ongoing	This reserve is maintained as part of an agreement between the Council 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 Council 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.
(e)	Economic Development Reserve	Ongoing	To fund economic development activities within the City, including Destination Marketing, Business Attraction, Property Development and Tourism.
(f)	Employee Entitlement Reserve	Ongoing	To fund employee leave entitlements when on extended leave, including long service leave as well as periods of Annual Leave for periods greater than 4 weeks duration thereby retaining salary and wages budgets for the funding of replacement staffing during extended periods of leave.
(g)	Infrastructure Reserve	Ongoing	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 of Karratha inclusive of the associated repayment of borrowings on infrastructure. Project works funded from this Reserve may not necessarily belong to the City of Karratha but must be carried out for the benefit of the City of Karratha.
(h)	Medical Services Assistance Package Reserve	Ongoing	To fund future assistance to Medical Services in accordance with Council'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.
(i)	Mosquito Control Reserve	Ongoing	To fund mosquito control programmes inclusive of the purchase of replacement equipment as required.
(j)	Partnership Reserve	Ongoing	This reserve is maintained as part of the Community Infrastructure and Services Partnership (the Partnership) and the related funding agreements between the Council 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.
(k)	Plant Replacement Reserve	2025	To fund the capital purchase of plant and equipment.
(l)	Restricted Funds Reserve	Ongoing	For holding Unexpended or prepaid Grants (other than Royalties for Regions) and Capital Contributions provided for specific purposes.
(m)	Walkington Theatre Reserve	2020	Funds were used to fund the operation of the Walkington Theatre.
(n)	Waste & Sanitation Management Reserve	Ongoing	To fund development, operation and maintenance of the Council's Waste Management facilities and Sanitation services inclusive of repayments of borrowings and the funding of employee entitlements.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**  
**7. CASH BACKED RESERVES (CONTINUED)**

**(b) Cash Backed Reserves - Purposes (cont.)**

In accordance with Council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

<b>Reserve name</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
(o) Workers Compensation Reserve	Ongoing	To provide Council 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 Council's Employee Entitlements Reserve via way of Council's Annual Budget.

## 8. FEES & CHARGES REVENUE

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Governance	21,132	17,316	14,720
General purpose funding	2,539,910	2,332,724	2,120,961
Law, order, public safety	79,550	83,345	71,560
Health	146,000	150,480	143,350
Education and welfare	78,000	58,008	58,008
Housing	997,756	818,982	722,254
Community amenities	10,228,819	10,835,820	11,941,964
Recreation and culture	4,126,290	4,892,865	5,271,897
Transport	18,776,849	19,837,516	22,114,530
Economic services	506,350	553,534	554,440
Other property and services	45,000	87,950	27,950
	37,545,656	39,668,540	43,041,634

## 9. GRANT REVENUE

	Unspent grants, subsidies and contributions liability					Grants, subsidies and contributions revenue		
	Liability 1 July 2020	Increase in Liability	Liability Reduction (As revenue)	Total Liability 30 June 2021	Current Liability 30 June 2021	2020/21 Budget	2019/20 Actual	2019/20 Budget
By Program:	\$	\$	\$	\$	\$	\$	\$	\$
<b>(a) Operating grants, subsidies and contributions</b>								
Governance	0	0	0	0	0	1,029,472	83,904	1,500
General purpose funding	0	0	0	0	0	1,403,017	3,080,502	1,381,800
Law, order, public safety	0	0	0	0	0	443,851	693,511	670,004
Health	0	0	0	0	0	12,542	13,270	13,500
Housing	0	0	0	0	0	0	18,000	0
Community amenities	195,900	0	(195,900)	0	0	35,800	646,900	0
Recreation and culture	144,000	0	(144,000)	0	0	12,669,296	8,653,392	6,213,703
Transport	0	0	0	0	0	3,919,182	3,486,207	202,979
Economic services	0	0	0	0	0	37,000	68,000	73,000
	339,900	0	(339,900)	0	0	19,550,160	16,743,686	8,556,486
<b>(b) Non-operating grants, subsidies and contributions</b>								
Law, order, public safety	0	0	0	0	0	0	21,000	0
Community amenities	0	0	0	0	0	20,000	80,000	100,000
Recreation and culture	0	0	0	0	0	3,101,055	500,000	2,607,222
Transport	1,011,248	0	(1,011,248)	0	0	2,402,935	2,334,625	1,378,217
	1,011,248	0	(1,011,248)	0	0	5,523,990	2,935,625	4,085,439
<b>Total</b>	<b>1,351,148</b>	<b>0</b>	<b>(1,351,148)</b>	<b>0</b>	<b>0</b>	<b>25,074,150</b>	<b>19,679,311</b>	<b>12,641,925</b>

10. REVENUE RECOGNITION

**SIGNIFICANT ACCOUNTING POLICIES**

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

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

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**10 REVENUE RECOGNITION (cont.)**

<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>Revenue recognition</b>
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
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 regular weekly and fortnightly period as proportionate to collection 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

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**10 REVENUE RECOGNITION (cont.)**

<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>Revenue recognition</b>
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 goods
Commissions	Commissions on ticket sales/Artwork	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

**11. OTHER INFORMATION**

**The net result includes as revenues**

**(a) Interest earnings**

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Investments			
- Reserve funds	699,184	1,232,359	1,493,470
- Other funds	49,850	247,797	301,134
Late payment of fees and charges *	42,000	45,715	12,000
Other interest revenue (refer note 1b)	383,543	517,364	509,821
	<b>1,174,577</b>	<b>2,043,235</b>	<b>2,316,425</b>

\* The City has resolved to charge interest under section 6.13 for the late payment of any amount of money at 8%.

**(b) Other revenue**

Reimbursements and recoveries	765,673	1,903,810	938,962
	<b>765,673</b>	<b>1,903,810</b>	<b>938,962</b>

**The net result includes as expenses**

**(c) Auditors remuneration**

Audit services	53,000	53,000	53,000
	<b>53,000</b>	<b>53,000</b>	<b>53,000</b>

**(d) Interest expenses (finance costs)**

Borrowings (refer Note 6(a))	5,994	7,277	8,076
	<b>5,994</b>	<b>7,277</b>	<b>8,076</b>

**(e) Elected members remuneration**

Meeting fees	348,456	348,456	364,296
Mayor/President's allowance	112,191	112,191	112,191
Telecommunications allowance	36,747	36,747	38,500
Training Expenses	35,249	35,249	55,000
	<b>532,643</b>	<b>532,643</b>	<b>569,987</b>



## 12. MAJOR LAND TRANSACTIONS

### LOT 7018 & 7020 SHARPE AVENUE KARRATHA

#### (a) Details

A pre-feasibility analysis was undertaken during 2019/20 to ascertain if land proposed for possible development in Sharpe Avenue Karratha would be a viable activity for Council. This report was received by Council at the Ordinary Council Meeting on 16 September 2019.

#### (b) Current year transactions

	Note	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
<b>Capital Expenditure</b>				
Purchase of land	4(a)	(1,000,000)	0	0
		(1,000,000)	0	0

### LOT 2898 DAMPIER HIGHWAY MILLARS WELL

#### (d) Details

The City anticipates the acquisition of land during 2020/21 for residential sub-division. Rezoning of the lot from Public Purpose Health to Urban Development was initiated during 2019/20.

#### (e) Current year transactions

	Note	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
<b>Capital Expenditure</b>				
Purchase of land held for sale	4(a)	(2,000,000)	0	0
		(2,000,000)	0	0

### 13. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

#### Airport Operations

##### (a) Details

The City operates the only airport within the district and operates the aerodrome with the purpose of producing a return on infrastructure. Forecasts are reviewed annually as part of Council's Long Term Financial Plan. These assumptions underpin future forecasts for airport operations.

##### (b) Statement of Comprehensive Income

	2019/20 Actual	2020/21 Budget	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast
	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>							
- Fees & charges	19,836,016	18,776,849	20,091,228	21,899,439	23,651,394	25,306,992	26,572,341
- Other revenue	184,120	54,192	55,384	56,603	57,848	59,121	60,421
	20,020,136	18,831,041	20,146,613	21,956,042	23,709,242	25,366,112	26,632,763
<b>Expenditure</b>							
- Employee costs	(2,137,124)	(2,698,807)	(2,648,372)	(2,543,986)	(2,488,596)	(2,451,267)	(2,414,498)
- Materials and contracts	(4,417,083)	(5,036,297)	(5,147,096)	(5,260,332)	(5,376,059)	(5,494,332)	(5,615,208)
- Utilities	(1,735,905)	(1,896,772)	(1,938,501)	(1,981,148)	(2,024,733)	(2,069,277)	(2,114,801)
- Insurance	(444,368)	(457,620)	(467,688)	(477,977)	(488,492)	(499,239)	(510,222)
- Depreciation	(2,988,243)	(3,005,086)	(3,050,162)	(3,095,915)	(3,142,353)	(3,189,489)	(3,237,331)
- Other expenditure	(287,475)	(44,657)	(45,639)	(46,644)	(47,670)	(48,718)	(49,790)
	(12,010,198)	(13,139,239)	(13,297,458)	(13,406,001)	(13,567,903)	(13,752,323)	(13,941,850)
<b>NET RESULT</b>	8,009,938	5,691,802	6,849,155	8,550,041	10,141,339	11,613,790	12,690,912
<b>TOTAL COMPREHENSIVE INCOME</b>	8,009,938	5,691,802	6,849,155	8,550,041	10,141,339	11,613,790	12,690,912

Airport operations are cash backed by the Aerodrome Reserve, more information pertaining to this can be found in Note 7.

	2019/20 Actual	2020/21 Budget
	\$	\$
<b>CURRENT ASSETS</b>		
Trade and other receivables	4,132,892	4,050,234
Reserves - Cash Backed	70,069,843	62,366,472
	74,202,735	66,416,706
<b>NON CURRENT ASSETS</b>		
Buildings	47,101,790	47,286,790
Less Accumulated Depreciation	(6,410,219)	(7,343,288)
Infrastructure	84,025,349	91,771,552
Less Accumulated Depreciation	(21,783,982)	(23,815,145)
Plant	268,599	293,599
Equipment	44,804	2,140,849
Less Accumulated Depreciation	(8,605)	(20,070)
Furniture & Equipment	259,787	274,787
Less Accumulated Depreciation	(19,459)	(45,473)
Artwork	185,200	311,987
Less Accumulated Depreciation	(6,228)	(9,603)
	103,657,036	110,845,985
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,161,735	1,138,500
	1,161,735	1,138,500
<b>NET ASSETS</b>	<b>176,698,037</b>	<b>176,124,191</b>
<b>EQUITY</b>		
Reserves - cash backed	70,069,843	62,366,472
Retained surplus	106,628,194	113,757,719
<b>TOTAL EQUITY</b>	<b>176,698,037</b>	<b>176,124,191</b>

**13 TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS (cont.)**

**The Quarter HQ**

**(a) Details**

A Business Plan for The Quarter HQ was prepared and advertised for public submissions. Submissions regarding the proposed purchase were considered by Council on 29 May 2017. The City purchased The Quarter HQ on 21 June 2017, this note has been prepared based on forecasts and are reviewed annually as part of Council's Long Term Financial Plan.

**(b) Statement of Comprehensive Income**

	<b>2019/20 Actual</b>	<b>2020/21 Budget</b>	<b>2021/22 Forecast</b>	<b>2022/23 Forecast</b>	<b>2023/24 Forecast</b>	<b>2024/25 Forecast</b>	<b>2025/26 Forecast</b>
	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>							
- Lease Income	1,919,552	1,981,620	2,025,216	2,069,770	2,115,305	2,161,842	2,209,403
- Variable Outgoings Recoveries	664,662	633,976	647,923	662,178	676,746	691,634	706,850
	<b>2,584,214</b>	<b>2,615,596</b>	<b>2,673,139</b>	<b>2,731,948</b>	<b>2,792,051</b>	<b>2,853,476</b>	<b>2,916,253</b>
<b>Expenditure</b>							
- Insurance, cleaning, security and strata fees	(1,411,933)	(15,206,060)	(15,540,593)	(15,882,486)	(16,231,901)	(16,589,003)	(16,953,961)
	<b>(1,411,933)</b>	<b>(15,206,060)</b>	<b>(15,540,593)</b>	<b>(15,882,486)</b>	<b>(16,231,901)</b>	<b>(16,589,003)</b>	<b>(16,953,961)</b>
<b>NET OPERATING RESULT</b>	<b>1,172,281</b>	<b>(12,590,464)</b>	<b>(12,867,454)</b>	<b>(13,150,538)</b>	<b>(13,439,850)</b>	<b>(13,735,527)</b>	<b>(14,037,708)</b>

	<b>2019/20 Actual</b>	<b>2020/21 Budget</b>
	\$	\$
<b>CURRENT ASSETS</b>		
Trade and other receivables	229,107	224,525
	<b>229,107</b>	<b>224,525</b>
<b>NON CURRENT ASSETS</b>		
Land	885,000	885,000
Buildings	20,987,620	21,112,720
	<b>21,872,620</b>	<b>21,997,720</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	15,156	14,853
	<b>15,156</b>	<b>14,853</b>
<b>NET ASSETS</b>	<b>22,086,572</b>	<b>22,207,393</b>
<b>EQUITY</b>		
Retained surplus	22,086,572	22,207,393
<b>TOTAL EQUITY</b>	<b>22,086,572</b>	<b>22,207,393</b>

## 14. INTERESTS IN JOINT ARRANGEMENTS

It is not anticipated the City will be party to any joint venture arrangements during 2020/21.

## 15. TRUST FUNDS

Funds held at balance date over which the local government has no control and which are not included in the financial statements are as follows:

Detail	Balance 30 June 2020	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2021
	\$	\$	\$	\$
Other Deposits	1,093,003	250	(869,835)	223,418
Staff Travel Allowances	0	12,880	(12,880)	0
Nomination Deposits	80	0	(80)	0
Retention Funds	0	500	(500)	0
	1,093,083	13,630	(883,295)	223,418

## 16. SIGNIFICANT ACCOUNTING POLICIES - OTHER INFORMATION

### 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 net 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.

### CRITICAL ACCOUNTING ESTIMATES

The preparation of a budget 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.

### ROUNDING OFF FIGURES

All figures shown in this statement are rounded to the nearest dollar.

### COMPARATIVE FIGURES

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

### BUDGET COMPARATIVE FIGURES

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