



## **ANNUAL ELECTORS' MEETING**

# **MINUTES**

**The Annual Electors' Meeting of Council was held  
in the Council Chambers, Welcome Road, Karratha,  
on Monday, 14 December 2015**

A handwritten signature in black ink, appearing to read 'Chris Adams', is positioned above a horizontal line.

**CHRIS ADAMS  
CHIEF EXECUTIVE OFFICER**



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The City of Karratha warns that anyone who has any application lodged with the City of Karratha must obtain and should only rely on

**WRITTEN CONFIRMATION**

of the outcome of the application, and any conditions attaching to the decision made by the City of Karratha in respect of the application.

Signed:  \_\_\_\_\_  
**Chris Adams - Chief Executive Officer**

## DECLARATION OF INTERESTS (NOTES FOR YOUR GUIDANCE) (updated 13 March 2000)

A member who has a **Financial Interest** in any matter to be discussed at a Council or Committee Meeting, which will be attended by the member, must disclose the nature of the interest:

- (a) In a written notice given to the Chief Executive Officer before the Meeting or;
- (b) At the Meeting, immediately before the matter is discussed.

A member, who makes a disclosure in respect to an interest, must not:

- (c) Preside at the part of the Meeting, relating to the matter or;
- (d) Participate in, or be present during any discussion or decision-making procedure relative to the matter, unless to the extent that the disclosing member is allowed to do so under Section 5.68 or Section 5.69 of the *Local Government Act 1995*.

### NOTES ON FINANCIAL INTEREST (FOR YOUR GUIDANCE)

The following notes are a basic guide for Councillors when they are considering whether they have a **Financial Interest** in a matter. I intend to include these notes in each agenda for the time being so that Councillors may refresh their memory.

1. A Financial Interest requiring disclosure occurs when a Council decision might advantageously or detrimentally affect the Councillor or a person closely associated with the Councillor and is capable of being measure in money terms. There are exceptions in the *Local Government Act 1995* but they should not be relied on without advice, unless the situation is very clear.
2. If a Councillor is a member of an Association (which is a Body Corporate) with not less than 10 members i.e. sporting, social, religious etc), and the Councillor is not a holder of office of profit or a guarantor, and has not leased land to or from the club, i.e., if the Councillor is an ordinary member of the Association, the Councillor has a common and not a financial interest in any matter to that Association.
3. If an interest is shared in common with a significant number of electors or ratepayers, then the obligation to disclose that interest does not arise. Each case needs to be considered.
4. If in doubt declare.
5. As stated in (b) above, if written notice disclosing the interest has not been given to the Chief Executive Officer before the meeting, then it **MUST** be given when the matter arises in the Agenda, and immediately before the matter is discussed.
6. Ordinarily the disclosing Councillor must leave the meeting room before discussion commences. The **only** exceptions are:
  - 6.1 Where the Councillor discloses the **extent** of the interest, and Council carries a motion under s.5.68(1)(b)(ii) or the *Local Government Act*; or
  - 6.2 Where the Minister allows the Councillor to participate under s5.69 (3) of the *Local Government Act*, with or without conditions.

### INTERESTS AFFECTING IMPARTIALITY

**DEFINITION:** *An interest that would give rise to a reasonable belief that the impartiality of the person having the interest would be adversely affected, but does not include an interest as referred to in Section 5.60 of the 'Act'.*

A member who has an **Interest Affecting Impartiality** in any matter to be discussed at a Council or Committee Meeting, which will be attended by the member, must disclose the nature of the interest;

- (a) in a written notice given to the Chief Executive Officer before the Meeting; or
- (b) at the Meeting, immediately before the matter is discussed.

### IMPACT OF AN IMPARTIALITY CLOSURE

There are very different outcomes resulting from disclosing an interest affecting impartiality compared to that of a financial interest. With the declaration of a financial interest, an elected member leaves the room and does not vote.

With the declaration of this new type of interest, the elected member stays in the room, participates in the debate and votes. In effect then, following disclosure of an interest affecting impartiality, the member's involvement in the Meeting continues as if no interest existed.



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# AGENDA

## 1 OFFICIAL OPENING

The Annual Electors' Meeting held in the Council Chambers, Welcome Road, Karratha on 14 December 2015 was declared open at 6.01 pm. Cr Long acknowledged the traditions of the Ngarluma people, on whose land we are gathered here today.

## 2 RECORD OF ATTENDANCE / APOLOGIES

<b>Councillors:</b>	<b>Cr Peter Long [Mayor]</b> <b>Cr John Lally [Deputy Mayor]</b> <b>Cr Garry Bailey</b> <b>Cr Margaret Bertling</b> <b>Cr Grant Cucel</b> <b>Cr Geoff Harris</b> <b>Cr Bart Parsons</b> <b>Cr Daniel Scott</b> <b>Cr Evette Smeathers</b> <b>Cr Robin Vandenberg</b> <b>Cr Fiona White-Hartig</b>	
<b>Staff:</b>	<b>Chris Adams</b> <b>Phillip Trestrail</b> <b>Andrew Ward</b> <b>Simon Kot</b>  <b>Craig Watts</b> <b>Linda Franssen</b>	<b>Chief Executive Officer</b> <b>Director Corporate Services</b> <b>Director Community Services</b> <b>Director Strategic Projects &amp; Infrastructure</b> <b>A/Director Development Services</b> <b>Minute Secretary</b>
<b>Apologies:</b>	<b>David Pentz</b>	<b>Director Development Services</b>
<b>Absent:</b>	<b>Nil</b>	
<b>Members of Public:</b>	<b>Nil</b>	
<b>Members of Media:</b>	<b>Nil</b>	

## 3 DECLARATIONS OF INTEREST

Nil.

## **4 CONFIRMATION OF MINUTES AND BUSINESS ARISING FROM MINUTES OF PREVIOUS MEETINGS**

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### **COUNCIL RESOLUTION**

**Res No** : 153312

**MOVED** : Cr Vandenberg

**SECONDED** : Cr Lally

**That the Minutes of the Annual Electors' Meeting held on Monday 15 December 2014, be confirmed as a true and correct record of proceedings.**

**CARRIED**

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**FOR** : Cr Long, Cr Lally, Cr Bailey, Cr Bertling, Cr Cucel, Cr Harris, Cr Parsons, Cr Scott, Cr Smeathers, Cr Vandenberg, Cr White-Hartig

**AGAINST** : Nil

## **5 REPORTS**

### **5.1 ANNUAL REPORT 2014-15**

<b>File No:</b>	<b>FM.1</b>
<b>Responsible Executive Officer:</b>	<b>Director Corporate Services</b>
<b>Reporting Author:</b>	<b>DAO Corporate Services</b>
<b>Date of Report:</b>	<b>9 December 2015</b>
<b>Applicant/Proponent:</b>	<b>Nil</b>
<b>Disclosure of Interest:</b>	<b>Nil</b>
<b>Attachment(s):</b>	<b>A copy of the Annual Report 2014/15 including the Annual Financial Report for the Year Ended 30 June 2015 will be available at the Annual Electors' Meeting</b>

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#### **PURPOSE**

To receive the Annual Report for the financial year ended 30 June 2015.

#### **BACKGROUND**

The Annual Report 2014/15 details the activities and performance of the organisation over the past year supported by the Annual Financial Report and Auditor's Report. Reporting is provided against the City's Strategic Community Plan 2012-2022 and Corporate Business Plan 2012-2016. Qualitative and quantitative reporting measures have been used to identify key highlights of the past year under each of the Community Plan outcomes.

The Annual Financial Report includes a statement of financial position as at 30 June 2015, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and a rate setting statement for the year ended 30 June 2015 inclusive of accounting policies and other explanatory notes and statements. The Annual Financial Report has been audited by Grant Thornton Audit Pty Ltd and they have provided an unqualified opinion.

#### **LEVEL OF SIGNIFICANCE**

In accordance with Council Policy CG-8 Significant Decision Making Policy, this matter is considered to be of moderate significance in terms of Council's ability to perform its role.

#### **COUNCILLOR/OFFICER CONSULTATION**

Council accepted the Annual Report including the audited Annual Financial Report at the Ordinary Council Meeting held 16 November 2015.

#### **COMMUNITY CONSULTATION**

The community was notified of and invited to attend this Annual Electors' Meeting to discuss the contents of the City's Annual Report.

#### **STATUTORY IMPLICATIONS**

In accordance with sections 5.53 of the *Local Government Act 1995* the City is required to prepare an Annual Report for each financial year. Section 6.4 details the requirements for the Annual Financial Report.

The Annual Electors' Meeting is held in accordance with Part 5 Division 2 Subdivision 4 of the *Local Government Act 1995* and Part 3 of the *Local Government (Administration) Regulations 1996*.

### POLICY IMPLICATIONS

There are no policy implications.

### FINANCIAL IMPLICATIONS

In summary, the Annual Financial Report indicates that City had as at 30 June 2015:

	30 June 2015	30 June 2014	Inc / (Dec)
Total Comprehensive Income	\$108,665,489	\$33,382,052	\$75,283,437
Net Assets	\$822,483,843	\$369,195,227	\$453,288,616
- Total Assets	\$843,397,863	\$384,605,298	\$458,792,565
- Total Liabilities	\$20,914,020	\$15,410,071	\$5,503,949
Loan Liability	\$0	\$0	\$0
Cash Reserves	\$84,089,305	\$62,904,777	\$21,184,528
Property, Plant & Equipment	\$197,959,811	\$182,214,889	\$15,744,922
Infrastructure Assets	\$531,091,475	\$127,062,962	\$404,028,513
<b>Final Surplus</b>	<b>\$63,450</b>	<b>\$1,617,633</b>	<b>(\$1,544,183)</b>

### STRATEGIC IMPLICATIONS

This item is relevant to the Council's approved Strategic Community Plan 2012-2022 and Corporate Business Plan 2012-2016. In particular the Operational Plan 2015-2016 provided for this activity:

- Our Program: 1.f.4.1 Ensure our community has access to up to date information about City's operations and projects.
- Our Services: 1.f.4.1.2 Prepare Council publications and corporate documents.
- Our Program: 4.d.1.3 Provide transparent and accountable financial information required by the *Local Government Act*, Code of Accounting Practice, Australian Accounting Standards and Local Government Regulations.
- Our Services: 4.d.1.3.1 Prepare the Financial Statements and Reports to Council.

### RISK MANAGEMENT CONSIDERATIONS

There are no risk management considerations applicable.

### IMPACT ON CAPACITY

There is no impact on capacity or resourcing to carry out the Officer's recommendation.

### RELEVANT PRECEDENTS

The Annual Report and Annual Financial Report is considered by Council each year. General Electors' Meetings are held annually in December.

### VOTING REQUIREMENTS

Simple Majority.

### OPTIONS:

#### Option 1

As per Officer's recommendation.

Option 2

That Electors by SIMPLE Majority pursuant to Section 5.33 of the *Local Government Act 1995* and Regulation 17 of the *Local Government (Administration) Regulations 1996* RESOLVE to DEFER consideration of the Annual Report 2014/15 including the audited Annual Financial Report for the Year Ended 30 June 2015 to a meeting to be held prior to 31 December 2015.

**CONCLUSION**

The Annual Report provides an overview of the performance of the City in terms of statutory obligations, Community Plan outcomes and financial management for the past twelve month period. The Annual Financial Report has been prepared in accordance with the *Local Government Act 1995* and indicates the City's financial position as at 30 June 2015.

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**OFFICER'S RECOMMENDATION / COUNCIL RESOLUTION**

Res No : 153313  
MOVED : Cr Parsons  
SECONDED : Cr Smeathers

That Electors by SIMPLE Majority pursuant to Section 5.33 of the *Local Government Act 1995* and Regulation 17 of the *Local Government (Administration) Regulations 1996* RESOLVE to NOTE the City of Karratha Annual Report 2014/15 including the audited Annual Financial Report for the Year Ended 30 June 2015.

**CARRIED**

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FOR : Cr Long, Cr Lally, Cr Bailey, Cr Bertling, Cr Cucel, Cr Harris, Cr Parsons, Cr Scott,  
Cr Smeathers, Cr Vandenberg, Cr White-Hartig  
AGAINST : Nil



# Annual Report

## 2014/15

City of Karratha Annual Report for the year ending 30 June 2015



We've focused on the areas the community told us needed the most improvement, from enhancing activities and services for young people, increasing safety initiatives to deter anti-social behaviour, improving our parks and open spaces, to conducting ongoing mosquito control and upgrading our recycling facilities.



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## A message from the Mayor

2014/15 has been a transformative year for Karratha and the surrounding towns of Dampier, Roebourne, Wickham, Point Samson and Cossack in terms of the planning and delivery of significant infrastructure projects as we continue our journey towards becoming a major regional centre.

2014/15 also marks our first year reporting as the City of Karratha, and I'm pleased to be able to share with you in the following report some of the key initiatives and landmark projects that we have embarked on over the past 12 months, in addition to the important services that form our 'business as usual' activities.

The future direction of the City of Karratha is underpinned by a clear mandate provided to Council by local community members and rate payers, of a vibrant city that offers all of the modern services and amenities one would expect of a major regional centre.

With support and funding from the Federal and State Governments, as well as industry and the private sector, we are improving infrastructure and public amenities to create a robust community that supports long-term economic growth and diversification

Key projects such as our \$80 million Karratha City Centre Infrastructure Works to revitalise our town centre, the \$35 million Karratha Airport Terminal Redevelopment, the \$56 million planned Arts and Community Precinct, Dampier and Wickham Community Hubs and the Karratha Leisureplex are just some of the planned and completed infrastructure projects we have delivered to establish the City of Karratha as a destination of choice for a broad range of people to live, work and play.

Smaller in scope, but by no means less important are our ongoing 'grassroots' projects to construct and upgrade footpaths and cycleways, playgrounds, open spaces, boat ramps and sports ground lighting facilities to ensure residents are able to get out and enjoy the City's natural environment and leisure facilities.

Local council services are often glossed over but this is certainly not the case for the City of Karratha. I'm delighted to be able to report that respondents of our 2015 annual Community Survey rated town planning approvals, mosquito control and tip services as areas where service has improved the most.

I'm incredibly proud of the work we have put in to upgrading our Seven Mile Landfill Facility, and it was gratifying to have the facility recognised recently for its innovative recycling and waste prevention methods, as the winner of the 2015 Tidy Town State Award for Waste Management and Litter Prevention.

In addition, it's great to see our youth services offering going from strength to strength, with activities for young people consistently rating as a priority area in our Community Surveys. This financial year more than 10,500 young people participated in 619 youth programs offered by the City of Karratha.

Despite the past 12 months bringing challenging times for the mining and energy sectors locally due to commodity price drops, my outlook for the City of Karratha remains positive.

We are continuing to plan, facilitate and deliver exciting projects that will lead to a broader local economy, and the subsequent ability to attract and retain a range of people wanting to settle in the region, ensuring the long-term sustainability of our city.

**Peter Long**  
Mayor, City of Karratha



## A message from the CEO

This financial year marked our first year of operation as a city and we have continued working hard to deliver community services and facilities that meet and exceed the needs of our growing population, now and into the future.

The City of Karratha is now home for more than 25,000 residents, a figure that is projected to double by 2035.

This, coupled with our recently gained city status means the imperative to provide people with access to the same high quality lifestyle options they would find in other regional centres around Australia has never been greater.

To achieve this reality, our focus has been on successfully delivering major infrastructure projects to enhance public amenities as well as continuing to develop local services across the region.

The City of Karratha is debt free and our operating budget for 2014/15 was \$144 million, one of the largest of any local government in Western Australia, underscores the importance of our continued dedication to ensuring transparency, consultation and accountability in everything we do.

Major projects such as the Karratha Airport Terminal Redevelopment and the Dampier Community Hub headline this year's budget while a focus on important grass roots services and programs like regular street sweeping, the community bus and new or upgraded open space and playground equipment seek to provide residents with city-level amenity.

This year we also started work to upgrade our effluent water system, which will enable high quality recycled water to be delivered to our parks and ovals saving both water and money.

Developments to the City of Karratha website have now made online payment for fees and services possible, driving further efficiency within our organisation and putting us on par with the best Councils in Western Australia.

Our program of community events has continued to improve and evolve, with new additions such as the West Australian Ballet's performance at Hearsons Cove and the Love Where You Live expos, coupled with firm favourites, Cossack Art Awards and the Red Earth Art Festival, providing variety and showcasing the vibrancy of our region.

The planning and delivery of all of these projects, programs and services would not be possible without the guidance of City of Karratha Mayor Peter Long and Councillors, along with the hard work put in by the Executive Management Team and Council employees. Thank you all for your continued support and efforts.

I hope you find the following annual report reflective of our commitment to responsible fiscal management and transparency, as we outline our performance, key achievements and business as usual operations against the metrics set out in our Strategic Community Plan 2012-2022.

It's an exciting time for the City of Karratha, with the new Arts and Community Precinct and the continued city centre revitalisation just some of the major projects on our radar as we continue our growth as a vibrant, highly liveable city.

**Chris Adams**  
CEO, City of Karratha



# Our Councillors

## Council meetings and attendance.

	21/07/14 Ordinary Meeting	18/08/14 Ordinary Meeting	15/09/14 Ordinary Meeting	20/10/14 Ordinary Meeting		17/11/14 Ordinary Meeting	15/12/14 Ordinary Meeting	27/01/15 Ordinary Meeting	16/02/15 Ordinary Meeting	16/03/15 Ordinary Meeting	20/04/15 Ordinary Meeting	18/05/15 Ordinary Meeting	15/06/15 Ordinary Meeting		24/09/14 Special Meeting	30/06/15 Special Meeting		15/12/14 Electors' Meeting	
Location	Roebourne	Chambers	Chambers	Wickham		Chambers	Chambers	Chambers	Point Samson	Chambers	Dampier	Chambers	Chambers		Chambers	Chambers		Chambers	
Council	Yes	Yes	Yes	Yes		Yes	Yes	No	Yes	Yes	Yes	Yes	Yes		No	No		No	
Public attendance	34	52	34	4		6	29	7	11	9	3	2	1	<b>192</b>	19	1	<b>20</b>	29	<b>29</b>
 Cr Peter Long (Mayor)	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	○	11	✓	○	1	✓	1
 Cr John Lally (Deputy Mayor)	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	12	✓	○	1	✓	1
 Cr Garry Bailey	✓	✓	✓	✓		○	✓	✓	○	✓	✓	✓	✓	10	○	✓	1	✓	1
 Cr Geoff Harris	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	12	✓	✓	2	✓	1
 Cr Harry Hipworth	○	✓	✓	✓		✓	○	✓	✓	✓	○	○	✓	8	✓	✓	2	○	0
 Cr Nerida Kickett	✓	✓	✓	✓		✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	6	✓	✓	2	✓	1
 Cr Janine Miller	✓	○	○	✓		○	✓	✓	✓	✓	○	✓	✓	8	○	○	0	✓	1
 Cr Michael Saylor	✓	✓	✓	✓		✓	○	✓	✓	✓	✓	✓	✓	11	✓	✓	2	○	0
 Cr Evette Smeathers	✓	✓	○	✓		✓	✓	✓	✓	✓	○	✓	✓	10	○	✓	1	✓	1
 Cr Robin Vandenberg	✓	✓	✓	✓		○	✓	✓	✓	✓	✓	✓	✓	11	✓	✓	2	✓	1
 Cr Fiona White-Hartig	✓	✓	○	✓		○	✓	✓	✓	✓	✓	○	✓	9	○	✓	1	✓	1
	<b>10</b>	<b>10</b>	<b>8</b>	<b>11</b>		<b>7</b>	<b>9</b>	<b>10</b>	<b>9</b>	<b>10</b>	<b>7</b>	<b>8</b>	<b>9</b>		<b>X</b>	<b>X</b>		<b>X</b>	

## Statutory reporting

### Freedom of Information (FOI)

In accordance with Section 96 and 97 of the Freedom of Information Act 1992, the City is required to publish an Information Statement which details the process of applying for information under the Act, as well as information that the City provides outside the Act. During 2014/15, nine FOI applications were received, eight were successfully processed, one application was dismissed with access refused to all requested documents and zero were withdrawn, appealed or are pending review.

The following are some of the documents available for public inspection at the City of Karratha free of charge:

- Council agenda and minutes
- Annual budgets
- Annual financial statements
- Annual reports
- Electoral rolls

Many of the above documents are also available for download at the City of Karratha website: [www.karratha.wa.gov.au](http://www.karratha.wa.gov.au)

### National Competition Policy

The Competition Principles Agreement (CPA) is a contractual agreement between the Federal Government and all State and Territory Governments. The CPA aims to ensure that all public enterprises /operate in a transparent manner in the best interests of the public.

The City of Karratha continues to meet its obligations to the competition policy and monitors the introduction of council policies and local laws which may be subject of anticompetitive practices. Annual reviews are undertaken.

### Disability Access and Inclusion

The City of Karratha continues to promote access and inclusion for all community members. The City of Karratha's Disability Access and Inclusion Plan ensures that people with disability have equal access to all Council services, facilities and information.

Both formal and informal meetings have taken place with the Disability Services Commission, individuals and other organisations across the City. These meetings will assist with future planning and design requirements for infrastructure, improve universal access to events and progress and complete strategies and tasks outlined in the City of Karratha's Disability Access and Inclusion Plan.

### Equal Opportunity

The City of Karratha is committed to equal opportunity principles and will continue to develop and implement equal opportunity strategies to ensure that all City of Karratha's structures, policies, practices and decisions are based on the assessment of individual ability and achievement.

The City of Karratha rejects inappropriate distinctions on the grounds of race (colour, ethnicity, national origin, nationality or descent), sex, pregnancy, marital status, age, sexual orientation, family responsibility, family status, political conviction, religious belief, disability or medical condition (not affecting work performance).

### Register of Complaints

During the period 1 July 2014 to 30 June 2015 1 breach or complaint was registered under Part 5, Division 9 of the Local Government Act 1995.

### Records Management

In accordance with the State Records Act 2000 the City of Karratha is committed to accurate and compliant record keeping and operates under a record keeping plan which received approval from the State Record Commission in August 2015. A review of the plan is scheduled for 2020.

Our records management system is designed to meet current and future information processing and management needs of Local Government Authorities and is regularly upgraded to ensure continuous improvement.

All new City of Karratha employees undertake a compulsory records management induction which details employee roles and responsibilities in relation to compliance with the City of Karratha recordkeeping plan, policies, and record management procedures. Additional training is provided through the City of Karratha's records management training program as required. 2014/15 in review

2014/15 marked our first year as a major regional Australian city and the birth of our new identity as the City of Karratha.

Investment in key community infrastructure projects has continued our exciting transformation into a vibrant regional centre.

## Delivering on our promises

We are committed to achieving the goals set out in our Strategic Community Plan 2012-2022 that articulate the community vision for the exciting future of the City of Karratha as an attractive, vibrant and liveable regional city.

The Community Plan goals are integrated into our Corporate Business Plan and Yearly Operational Plan. Some of our key achievements from the past year for each of our goals are outlined in the following section.



## 2014/15 highlights



### Wickham Recreation Precinct

Following the transition of the ongoing management and operation of the Wickham Recreation Precinct to the City of Karratha in 2014/15, community members in Wickham have access to newly introduced services and programs including group fitness classes, post-natal yoga, school holiday fitness fun and pre-season conditioning training for local sports clubs.

School holiday swimming lessons, aqua fun days and the Australia Day family pool party have all proved popular with the precinct attracting 3,577 visits to the pool on average per quarter.



### Karratha Leisureplex

More than 550,000 visits were recorded to the Leisureplex in 2014/15, with community members continuing to make good use of the aquatic facilities, group fitness classes, sports courts and fully equipped gym to achieve their health and fitness goals. Dive-In-Movie nights and a school holiday cricket clinic for local children were new events introduced this year that encouraged even wider use of the popular Leisureplex facility.



### Arts and Community Precinct

Significant planning and design work has been completed on the \$56 million Arts and Community Precinct which will establish a home for arts and learning in the city centre and fill the final infrastructure gap for the region with design including a theatre, amphitheatre/outdoor cinema venue and a new library.



### Dampier and Wickham Community Hubs

Construction of the \$18 million Dampier Hub is underway and on track for completion in early 2016. The new multipurpose community facility includes a new library, early learning centre, coffee kiosk, community meeting rooms and a refurbished community hall. The scope for the new \$18 million Wickham Community Hub was finalised by Council in 2015, with work on detailed designs underway.

### Community Events

There was something for everyone in the City of Karratha's community events calendar with highlights including the West Australian Ballet's inaugural Ballet on the Beach performance at Hearson's Cove, a street party to launch the revitalised Red Earth Arts Festival, the annual Cossack Art Awards and Family Day and the highly successful NAIDOC Week celebrations.



### Karratha Airport Terminal Redevelopment Milestone

Stage two of the \$35 million Karratha Airport Terminal Redevelopment was opened in May 2015 marking a significant milestone for the key infrastructure project that is on track for completion in September 2015. A new arrival and departure atrium is the centerpiece of stage two with three new departure gates and dual lane security screening welcome additions that contribute to the spacious, contemporary facility.



### Enhanced Youth Services

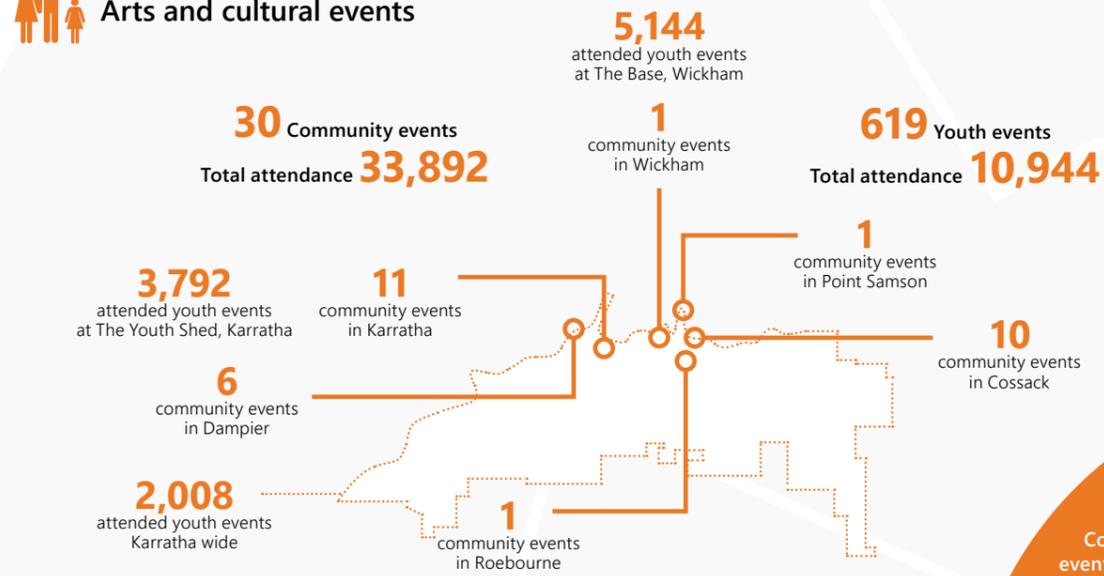
The services and events available to young people in the City of Karratha continued to grow in 2014/15 with more than 10,500 youth participating in 619 specialist youth programs.

Events specifically tailored for youth including a paintball day, a series of skate, scooter and BMX skills workshops and the Indigenous Hip Hop Project were held during school holidays

Youth services available to Wickham, Roebourne and Point Samson young people in particular were enhanced and experienced record attendance levels across all programs, with an increase of more than 240 visits on average per month. Young people had the opportunity of renaming the Wickham-based service in 2014/15 and subsequently launched 'The Base' at a community open day in June.

# 2014/15 in numbers

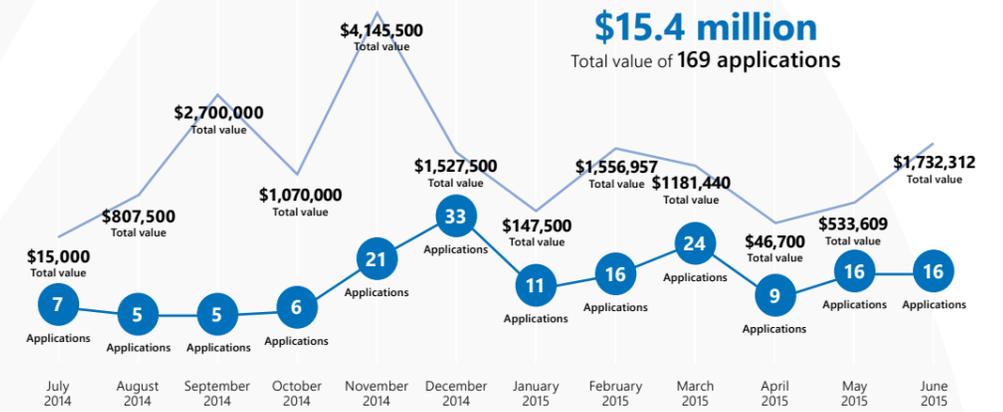
## Arts and cultural events



## Environmental health inspection and registration



## Total approved development value



**1,540** people used camping facilities  
(average of 10 people per day during the 22 week camping period)

**71,551** visits to the library

- 55,203 visits to Karratha
- 3,593 visits to Roebourne
- 8,663 visits to Wickham
- 4,092 visits to Dampier

**552,030** visits to Karratha Leisureplex

- 32,200 visits to group fitness classes
- 3,593 Swim School
- 4,092 visits to Holiday programs

**10,732** visits to the Wickham Recreation Precinct pool (since October 2014)  
2,526 group fitness participants (since November 2014)

**10,569** visits to the Roebourne Aquatic Centre pool

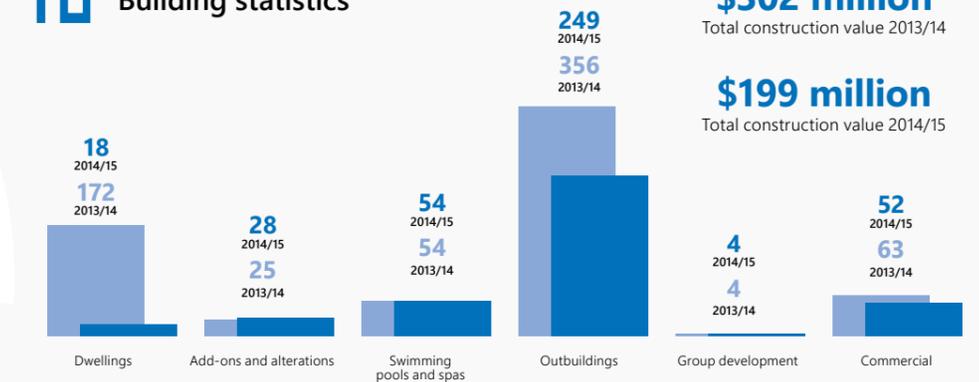
## Ranger activity



## Waste processed (tonnes)



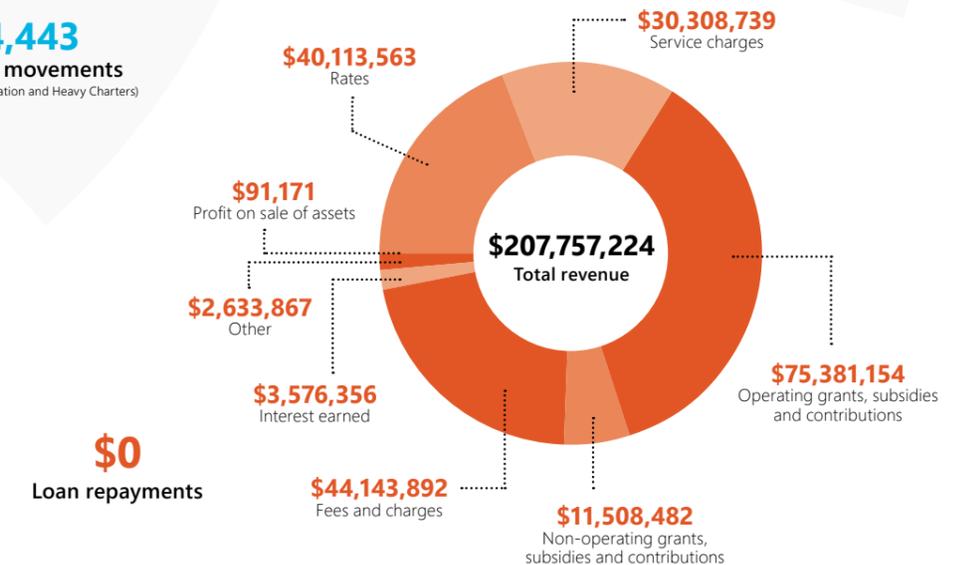
## Building statistics



## Flights



## Our revenue



\*Including Karratha Airport Terminal Upgrade, Arts & Community Precinct, Dampier and Wickham Community Hubs, Back Beach Boat Ramp, foreshore works

# Towards a diverse and balanced community

Our goal is to develop and maintain the infrastructure, facilities, services, activities and programs to create aesthetically attractive, safe and liveable towns which will develop into more diverse and balanced communities.



Desired outcome	How we delivered on our commitment in 2014/15
<p><b>1.a Greater use of public spaces</b></p>	<p>This year we spent \$750,000 laying new footpaths across Wickham, Nickol, Bulgarra, Baynton, Dampier and Pegs Creek. An additional \$1.7 million was spent on existing footpath and cycleway upgrades.</p> <p>More than \$4.3 million has been spent on footpath upgrades over the past three years.</p> <p>Work has commenced on a Wickham Foreshore Management Plan which will guide future development and preservation of the Back Beach coastal area.</p> <p>The Point Samson Foreshore Works Plan has been prepared with opportunities identified to enhance the town's beach front location. Stage 1 works will commence this year with a focus on improving the amenity of Town Beach.</p> <p>Design work for Stage 1 foreshore work in the Dampier Foreshore Enhancement Masterplan is now complete, with Stage 1 work including Shark Cage Node, Hampton Oval outdoor movie theatre upgrades and visual amenity improvements commenced.</p> <p>Families and young people are enjoying new or upgraded play equipment and open spaces at Bulgarra Oval, Nickol's Ausburn Park, Church Way Park in Baynton and Dampier.</p> <p>A plan to improve functionality at Kevin Richards Memorial Oval is underway with suggested long-term upgrades leading to the eventual ability to host WAFL games.</p>
<p><b>1.b Infrastructure facilities, services, activities and programs that meet the needs of the City and allow for growth</b></p>	<p>The \$65 million Karratha Leisureplex remains an integral community health and fitness facility recording more than 550,000 visits in its third year of operation. An extension to the Leisureplex carpark has been completed to cater for unprecedented demand.</p> <p>Roebourne Districts State Emergency Service (SES) has a new purpose-built \$1.4 million home in Wickham, improving community safety through faster response times.</p> <p>The Dampier Community Hub plans are complete and construction is underway on the \$18 million project.</p> <p>The \$35 million Karratha Airport Terminal Upgrade is nearing completion with construction on time and on budget.</p> <p>Planning and design work has been completed on the \$56 million Karratha Arts and Community Precinct which will include a theatre, amphitheatre/outdoor cinema venue and a new library.</p> <p>More than 10,500 young people participated in 619 specialist programs across the City of Karratha in 2014/15. Programs included a paintball day in Dampier, the Indigenous Hip Hop Project in Roebourne and skate, scooter and BMX clinics skills clinics.</p> <p>Young people in Wickham, Roebourne and Point Samson now have access to enhanced youth services and support through 'The Base' in Wickham with movie nights, regular drop-ins and skate park afternoon some of the activities on offer.</p> <p>Community, sporting groups and individuals received more than \$250,000 under the City of Karratha's Annual Community Grant Scheme. This year more funding and a greater range of grants were available due to a partnership with the Woodside-operated North West Shelf Project.</p>

Desired outcome	How we delivered on our commitment in 2014/15
<p><b>1.b Infrastructure facilities, services, activities and programs that meet the needs of the City and allow for growth</b> <i>(continued from previous page)</i></p>	<p>The new upgraded City of Karratha website <a href="http://www.karratha.wa.gov.au">www.karratha.wa.gov.au</a> was launched on 1 July 2014 providing a user-friendly way to access information. The new site was awarded Best in Class in the government websites category at the International Interactive Media Awards.</p> <p>Work on upgrading the services and facilities at the Karratha and Wickham Cemeteries began in 2014/15, with more shade, seating and improved signage delivered under the Cemetery Master Plan.</p> <p>A Community Development Officer is now based at Roebourne two days per week to focus on Indigenous engagement, capacity building and forming partnerships with Indigenous corporations and community organisations.</p> <p>71,551 visits across Karratha, Wickham, Roebourne and Dampier libraries were recorded in 2014/15, with all libraries expanding their borrowing collections.</p> <p>The Medical Services Equalisation Scheme continues to offer community access to quality health care with 9 GPs participating in the scheme offering bulk-billing for eligible patients, reduced waiting times and after-hours appointments.</p> <p>Scope for the \$16 million Wickham Community Hub has been finalised following extensive community consultation.</p> <p>12 new bus shelters have been installed in Wickham and Dampier along the Community Bus route to provide patrons with a timetable and shaded seating when using the service.</p> <p>A new boat ramp, jetty car parking area is planned for Karratha Back Beach with upgrade works to the Dampier boat ramp now complete.</p> <p>FeNaCING, Roebourne Races, Karratha Festival and Billfish Shootout were allocated a combined \$140,000 as part of our Major Events Sponsorship Scheme.</p> <p>A Memorandum of Understanding with the Roebourne Police and Citizens Youth Club has resulted in increased after school and weekend programs for young people in Roebourne.</p> <p>Community associations in Karratha, Dampier, Point Samson, Roebourne and Wickham have used funding received through the City of Karratha's Annual Community Association Development Scheme to deliver free community events, workshops and improve community infrastructure.</p> <p>We have spent \$1.5 million laying 4,149 tonnes of asphalt to reseal and resurface 8.7 kilometres of roads within the City of Karratha boundary.</p> <p>More than 20,500 young people used the Youth Shed Indoor Play Centre in 2014/15.</p>
<p><b>1.c Improve housing affordability through normalisation of the housing market, centred around a strong private sector presence</b></p>	<p>The average price of housing has reduced more than 25% with the number of dwellings for sale also decreasing.</p> <p>Weekly rents have reduced by more than 40% since July 2012.</p> <p>Additional residential land has been zoned, with approvals in place, to accommodate the next anticipated wave of housing demand.</p>
<p><b>1.d Create a modern, vibrant and attractive City that offers liveable communities, opportunities for development and improving social capital</b></p>	<p>Over the past three years more than \$4.8 million has been spent improving roads across the City of Karratha with a total of 107 roads resealed. This year we spent \$1 million resealing roads in Roebourne and Wickham with a further \$430,000 spent sealing the Hearson Cove Road.</p> <p>A major upgrade of the Coolawanyah Road in the Karratha LIA is underway with Council fast-tracking the \$3.5 million project.</p> <p>The \$900,000 DeWitt Road and Dampier Highway intersection upgrade has improved driver and pedestrian safety.</p> <p>Finalised the Karratha Revitalisation Plan with works to be factored into long-term financial planning.</p> <p>We have completed \$80 million Stage 1 of our Karratha City Centre Infrastructure works with bulk earthworks at Bayview Road also completed.</p>

Desired outcome	How we delivered on our commitment in 2014/15
<p><b>1.e Plan a City that responds to the environmental, social, economic and cultural conditions and aspirations of the Pilbara</b></p>	<p>A Tourism Advisory Group has been formed to provide Council with greater insight into building a strong tourism base for the area.</p> <p>Successfully transitioned the management and operation of the Wickham Recreation Precinct (WRP) from Rio Tinto to City of Karratha with the finalisation of an ongoing WRP Operational Plan.</p> <p>A new Transient Workforce Accommodation policy has been adopted to transition to a more sustainable local economy and a more permanent local community.</p> <p>A Built Heritage Strategy is being developed to guide decision making across all built heritage infrastructure.</p> <p>Planning for an \$11 million upgrade to Karratha's recycled water network which will see ageing infrastructure replaced and expanded has been finalised. Public green spaces and sports ovals will be watered more frequently with higher quality treated water.</p> <p>A draft Local Planning Strategy has been prepared.</p> <p>A draft Point Samson Structure Plan has been prepared with submission from stakeholders now being considered by Council.</p> <p>We are working on the development of a draft Dampier Structure Plan.</p> <p>A Cossack Vision document and draft development guidelines for the historic town have been prepared.</p>
<p><b>1.f Enhance community pride, safety, services and community facilities that provide a sense of belonging</b></p>	<p>Four new CCTV/motion capture units have been installed across the City of Karratha to deter anti-social behaviour and increase security.</p> <p>All offensive graffiti removed within 48hrs and 30% decrease in hours spent on removing graffiti this year than last year. A blitz on graffiti was conducted in Wickham and Roebourne in 2015.</p> <p>We have delivered a busy calendar of community events including Australia Day Celebrations, NAIDOC Week, Red Earth Arts Festival, Cossack Art Awards and Family Day, Remembrance Day, ANZAC Day, Volunteer Recognition Awards, Sorry Day, FUTURECLUBS Sports Awards and a variety of regular activities for seniors.</p> <p>The community bus has experienced a 22% increase in patronage this year with bus services to and from Dampier, Roebourne, Wickham, Point Samson and Karratha running Tuesdays, Thursdays, Saturdays and Sundays stopping at major community facilities.</p> <p>New Love Where You Live expos introduced to engage and connect new and long-term residents with local sports clubs, community groups and organisations.</p> <p>Facilitated a number of community workshops including cultural awareness training and a ukulele workshop.</p> <p>An overhaul of the City of Karratha Facebook page content to actively seek online community input and feedback has resulted in a dramatic increase in engagement.</p> <p>Participation in the annual Community Survey increased 13%. The survey is an important tool that provides the City of Karratha with feedback on community issues and areas of focus.</p> <p>Solar lighting along footpaths in Millars Well and Bulgarra has improved visibility and also increased passive surveillance.</p> <p>Lighting installed along Roe and Sholl Streets in Roebourne will improve safety and increase amenity for residents exercising or walking home at night.</p> <p>The City of Karratha is partnering with the Roebourne Work Camp to assist inmates in finding employment upon release. The program sees inmates undertaking restorative work and maintenance projects on various heritage trails to learn new skills.</p> <p>Our pool safety barriers program continues to help families stay safe around backyard pools and spas.</p> <p>Sea container safety compliance continues to be a priority with a number of inspections carried out prior to bushfire and cyclone seasons in residential areas.</p>

Desired outcome	How we delivered on our commitment in 2014/15
<b>1.g Greater housing diversity that meets the need of a broader demographic profile</b>	Additional residential land has been zoned, with approvals in place, to accommodate the next anticipated wave of housing demand. Our Karratha Revitalisation Strategy identifies opportunities for residential infill, intensification and housing diversification.
<b>2.a Create opportunities for growth and diversification of the local economy</b>	We expanded our Regional Price Preference policy to a buy local preference of up to 10% for local businesses, depending on the type of project, applied during tender evaluations. City of Karratha signed on as a Sister City of the Lanshan District of Rizhao in China, with the agreement focused on trade, education and the promotion of cultural links. The planning and facilitation process for the \$7 billion Anketell Port and rail project is underway. We continue to work in partnership with the Pilbara Business Centre to deliver marketing, financial and business workshops to support home-based business development. We continue to work with the Karratha and Districts Chamber of Commerce and Industry (KDCCI) to deliver a range of small business services, forums and events. 34 new businesses were registered with the City of Karratha in 2014/15. The City of Karratha has continued to engage with representatives from State and Federal Government and the private sector to promote our area.
<b>2.b More industrial, commercial and residential land supply and the creation of readily developable land banks that can be quickly released to market</b>	Our draft Local Planning Strategy and Town Structure Plans identify land for future industrial, commercial and residential purposes. Our draft Local Planning Strategy aims to have a 10 year supply of development ready land available that can be brought to market quickly.
<b>3.a An environmentally responsible and sustainable organisation</b>	Upgrades to our Seven Mile Landfill Facility are now complete with the facility recognised for its innovative recycling and waste prevention methods, winning the 2015 Tidy Town State Award for Waste Management and Litter Prevention. In 2014/15 the City of Karratha recycled 964 tonnes of material with 6,724 tonnes of preloved bric-a-brac diverted to the Seven Mile Landfill Facility tip shop for resale. More than 5,500 transactions were recorded at the tip shop in 2014/15. The City signed a partnership agreement with New Energy who aim to construct Australia's first Waste to Energy plant here in the Pilbara. The development once operating will divert a significant amount of waste from land fill each year that will be converted to energy. 401 people from 22 community groups collected 3,280 bags of litter as part of the Cleansweep Taskforce 'Bucks for Bags' program, raising more than \$19,000. The City of Karratha received Platinum recognition under the Water Corporation's Water Efficiency Management Program for improving water efficiency by more than 50% at Karratha Airport. The \$11 million upgrade to effluent reuse scheme will greatly improve the quality of treated water used across our open green spaces and sports ovals. Repairs undertaken at Cossack's Bond Store, Post Office and Court House are part of a \$200,000 package to maintain the important historical town that is also a key tourism attraction of the region.

Desired outcome	How we delivered on our commitment in 2014/15
<b>3.a An environmentally responsible and sustainable organisation</b> <i>(continued from previous page)</i>	The Karratha Airport will soon be able to meet part of its power needs with a new solar farm programmed to begin in 2016. The solar farm will be the first of its kind in Australia. Seasonal community litter clean-ups resulted in just over 14 tonnes of rubbish being collected from roadsides, public open spaces and around pedestrian areas. A newly introduced Storm Surge Risk Policy and Storm Surge Mapping gives residents and businesses greater clarity on areas that would be affected by an extreme Storm Surge event, the likely extent of inundation in such an events and flexible risk management and design options to consider in making decisions about future development.
<b>3.b A sustainable and thriving natural environment</b>	Preliminary work on a Wickham Back Beach Foreshore Management Plan has commenced. A Point Samson Foreshore Works Plan has been prepared to guide implementation of the Council adopted Point Samson Foreshore Management Plan. Concept design has been completed for Stage 1 foreshore works from the Dampier Foreshore Enhancement Masterplan. City Rangers removed more than 50 vehicles, trailers and various scrap materials in a clean-up of Crown land surrounding the Roebourne Light Industrial Area (LIA). New initiatives to address illegal dumping, unsightly properties and residential litter clean-ups have been trialled in partnership with Mawarnkarra Aboriginal Health Service. The City intends to continue with such initiatives that keep our towns neat and tidy. Revitalised Yaburara Heritage Trail to improve user experience and share its cultural significance with an upgraded walking trail, new Ngarluma public artworks, a smartphone app and refreshed signage and maps. The Cossack Heritage Trail upgrade is now complete, with works including upgraded trail signage, a dreamtime painting installation by the Roebourne Art Group, renovated shelters and landscaping and maintenance of the Cossack Cemetery.
<b>3.c An environment that promotes healthy lifestyle</b>	The FUTURECLUBS program administered by our Club Development Officer continues to assist the growth and development of local sports clubs, and in celebrating local sporting achievements, with 60 nominations received for the 2014/15 FUTURECLUBS awards. Numerous drug and alcohol free events were delivered including 2014 NAIDOC Week celebrations and all youth events. The Karratha Leisureplex achieved record attendance in 2014/15 with 550,000 visits to the facility's indoor and outdoor sports courts, holiday programs, group fitness classes, gym, outdoor pools and play areas. More than 2,000 group fitness classes were held at the Karratha Leisureplex in 2014/15 with an average of 14 people attending each class. Roebourne Aquatic Centre attendance figures topped 10,000 with community members enjoying the outdoor pool, play areas and popular swim school. Ongoing operations and management of the Wickham Recreation Precinct was successfully transferred to the City of Karratha with total attendance numbers increasing each quarter during 2014/15 with residents enjoying group fitness classes, enhanced gym services, swimming lessons, school holiday fitness fun and various recreational programs. Families and young people are enjoying new or upgraded play equipment and open spaces at Bulgarra Oval, Nickol's Ausburn Park, Church Way Park in Baynton and Dampier.

Desired outcome	How we delivered on our commitment in 2014/15
<p><b>3.c An environment that promotes healthy lifestyle</b> <i>(continued from previous page)</i></p>	<p>The Karratha Leisureplex Swim School provides a comprehensive program, with full accredited swim instructors for all ages and abilities. 2,437 children took part in 2014/15.</p> <p>KidSport, our partnership with the State Government aims to increase the number of 5-18 year olds participating in sports by offering subsidised membership fees for eligible families.</p> <p>Phase one of the Karratha Golf Course Redevelopment Plan is underway with the appointment of a course superintendent to oversee redevelopment of the existing course.</p> <p>More than \$4.3 million has been spent on footpath upgrades over the past three years.</p> <p>The Tracks and Trails Masterplan continues to develop and formalise 12 key tracks and trails around the City.</p> <p>Many of our youth services programs and events encourage physical activity and offer education around nutritional values.</p>
<p><b>4.a Delivery of services at a standard that meets community expectations</b></p>	<p>The City of Karratha Disability and Inclusion Plan met identified outcomes ensuring people with a disability have equal access to all Council services, facilities and information.</p> <p>Conducted the annual City of Karratha Community Survey.</p> <p>Maintenance of parks, ovals, reserves and resources in Karratha, Dampier, Wickham, Roebourne and Point Samson.</p> <p>Upheld our compliance obligations as required under state legislation.</p> <p>Undertook a review of the City of Karratha Risk Register with no extreme or high risks identified.</p> <p>Cash handling procedures have been improved following an internal audit.</p> <p>Managed nine Freedom of Information (FOI) matters, averaging 42 days to complete applications. One FOI application was dismissed with access refused to all requested documents.</p> <p>All correspondence received through the City of Karratha's records desk was processed within 24 business hours of receipt and entered into the Records Management System.</p> <p>Risk Management Policy and framework rolled out across organisation following decision taken by the Audit and Organisational Risk Committee.</p> <p>Corporate performance and annual operational plan key performance indicators are now tracked in a corporate performance management system.</p> <p>Strengthened and streamlined procurement practices to meet statutory obligations and business expectations.</p> <p>Karratha Airport received the Australia Airports Association's National Safety Award for its innovative online Safety Event Reporting &amp; Analysis system.</p>
<p><b>4.b Maintenance of the health and well-being of residents</b></p>	<p>Four Healthy Dog Days were held in Roebourne, Wickham and surrounding Indigenous communities with 100 dogs and 34 cats sterilised this year, with assistance from Marwarnkarra Aboriginal Health Service.</p> <p>Ranger Services has continued its relationship with SAFE to rehome suitable animals within the City. 291 dogs and 56 cats were either reunited with their owner or rehomed via SAFE.</p> <p>405 building applications worth close to \$200 million were assessed to ensure compliance with the National Construction Code.</p> <p>379 environmental and health inspections were carried out across food, health, beauty and lodging businesses to ensure compliance with public health legislation.</p> <p>Continued the highly successful Golden Gecko Food Hygiene Assessment Rating Scheme which awards food businesses that achieve an excellent standard of compliance.</p>

Desired outcome	How we delivered on our commitment in 2014/15
<p><b>4.c Continuous improvements, innovations and progression throughout the organisation</b></p>	<p>Achieved a 91% level of compliance to legislation as determined by the annual compliance audit report.</p> <p>Ongoing inductions for staff in HR online learning, compliance training, records management, process mapping and procurement were conducted, with all new staff required to complete online HR inductions and records management inductions.</p> <p>A review of all of our operational risks revealed 18 risk themes, 8 were considered moderate risks and 10 areas were considered low risk. All risk categories had generally adequate controls in place.</p> <p>A significant body of work has been carried out to bring our procurement systems to a level that can withstand enquiries of probity.</p> <p>All new employees and those who have procurement delegations have completed induction training that includes legislative obligations, internal policies, tools and online services that support our procurement solutions.</p> <p>All reporting staff have been trained to provide quarterly updates on key performance measures identified in the City's Strategic Community Plan and Operational Plan.</p> <p>Health and wellbeing programs and training opportunities are presented to all staff throughout the year via online training calendar and email notifications.</p>
<p><b>4.d A financially sustainable City</b></p>	<p>Executives and Managers are involved in regular reviews of their operational and departmental budgets both as part of the Budget Review process and ongoing Financial Management and Variance reporting to Council. Savings identified through the budget review process are reallocated to items of priority identified in the City of Karratha's Annual Community Survey.</p> <p>The Long Term Financial Plan enables Council to model financial impacts of various activities, initiatives, service levels and programs as well as perform risk analysis in terms of measuring the impacts of changing assumptions such as growth, inflation, grants and subsidies etc. It also facilitates modelling of various scenarios that respond to changes in economic conditions.</p> <p>Monthly financial statements, including variances greater than the materiality threshold adopted by Council of \$50,000 or 10% (whichever is greater) are presented to Council monthly in accordance with Local Government Act 1995 and Local Government (Financial Management) Regulations 1996.</p> <p>Council completed benchmarking for 11 out of 33 criteria used to assess finance and asset management performance against other Western Australia Local Government areas.</p> <p>Council had nil debt as at 30/06/2015.</p> <p>Council maintains a strong financially position as evidenced by performance against the Department of Local Government's sustainability ratios which exceeded the Department of Local Government's acceptable ranges.</p>
<p><b>4.e Partnerships with regional and State agencies</b></p>	<p>Represented Council and community at relevant forums including conferences, regional and local meetings.</p> <p>Established strong working relationships with State and Federal counterparts including the Pilbara Regional Council, WA Regional Capitals Alliance, Pilbara Development Commission, Karratha Districts Chamber of Commerce and WA Regional Cities Alliance.</p>

## Desired outcome

## How we delivered on our commitment in 2014/15

**4.f Ensure the City of Karratha is staffed with people holding the right skills and attitudes, performing the right jobs, at the right time**

Continued staff professional development including attendance at key industry-related conferences, further education support and job training. Every permanent employee is required to have an annual performance review with their manager. As at 30 June 84% of all reviews due to be completed, were completed.

## Recruitment initiatives:

149 total recruitments for 2014/15: 84 casuals, 54 full-time, 11 part-time

Total FTE 2014/15: 283 (increase of 3 FTE) with most growth in our Community and Strategic Projects, and Infrastructure areas.

## Leadership training and courses:

8 employees participated in Emerging Leaders program, attending 3 in-house training sessions and a four day training course in Perth.

Employee turnover was 17% down from 22% the previous year.





For more information contact the City of Karratha:

Welcome Road Karratha WA 6714  
PO Box 219 Karratha WA 6714

Phone: 08 9186 8555

Fax: 08 9185 1626

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Web: [www.karratha.wa.gov.au](http://www.karratha.wa.gov.au)



# Financial Report 2014/15

City of Karratha financial report for  
the year ending 30 June 2014

2014  
/15

**CITY OF KARRATHA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

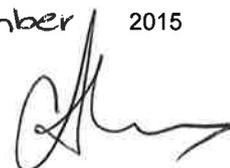
CITY OF KARRATHA  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015

LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City being the annual financial report and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the City at 30th June 2015 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 9<sup>th</sup> day of November 2015



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Chris Adams  
Chief Executive Officer

**CITY OF KARRATHA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Revenue</b>				
Rates	21	40,113,563	40,580,172	35,769,877
Operating grants, subsidies and contributions	27	18,473,358	12,647,119	7,410,418
Fees and charges	26	44,143,892	45,085,103	47,162,921
Service charges	23	30,308,739	34,545,605	0
Interest earnings	2(a)	3,576,356	3,398,954	2,445,100
Other revenue	2(a)	2,633,866	555,039	1,482,487
		<u>139,249,774</u>	<u>136,811,992</u>	<u>94,270,803</u>
<b>Expenses</b>				
Employee costs		(33,608,639)	(36,407,290)	(33,353,872)
Materials and contracts		(31,298,849)	(47,197,845)	(23,682,567)
Utility charges		(3,946,511)	(4,175,242)	(4,275,811)
Depreciation on non-current assets	2(a)	(12,711,351)	(11,202,287)	(9,858,361)
Interest expenses	2(a)	0	(47,700)	(10,597)
Insurance expenses		(1,606,064)	(1,753,304)	(1,700,422)
Other expenditure		(3,891,524)	(3,845,795)	(2,321,215)
		<u>(87,062,938)</u>	<u>(104,629,463)</u>	<u>(75,202,845)</u>
		52,186,836	32,182,529	19,067,958
Non-operating grants, subsidies and contributions				
		11,508,482	6,682,101	16,392,796
Contributions of gifted assets		56,907,796	0	0
Loss on revaluation of artwork assets	6(a)	(57,730)	0	0
Loss on revaluation of infrastructure assets	7(a)	(11,317,387)	0	0
Profit on asset disposals	19	91,172	15,867	46,856
Loss on asset disposals	19	(653,680)	(597,456)	(2,125,558)
		<u>108,665,489</u>	<u>38,283,041</u>	<u>33,382,052</u>
<b>Net result</b>				
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		343,760,723	0	33,154,183
		<u>343,760,723</u>	<u>0</u>	<u>33,154,183</u>
<b>Total other comprehensive income</b>		<u>343,760,723</u>	<u>0</u>	<u>33,154,183</u>
<b>Total comprehensive income</b>		<u><u>452,426,212</u></u>	<u><u>38,283,041</u></u>	<u><u>66,536,235</u></u>

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

**CITY OF KARRATHA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Revenue</b>				
Governance		1,115,882	176,088	1,006,843
General purpose funding		78,500,516	81,710,744	39,619,088
Law, order, public safety		1,451,026	1,138,026	915,039
Health		230,382	182,000	190,193
Education and welfare		58,900	58,900	152,082
Housing		301,999	349,356	246,833
Community amenities		11,349,795	12,658,688	13,330,106
Recreation and culture		20,237,270	11,497,536	8,494,979
Transport		24,215,843	28,024,722	28,600,060
Economic services		529,393	537,040	760,127
Other property and services		1,258,768	478,892	955,453
		<u>139,249,774</u>	<u>136,811,992</u>	<u>94,270,803</u>
<b>Expenses</b>				
Governance		(15,731,793)	(5,862,396)	(3,693,203)
General purpose funding		(10,621,027)	(20,431,500)	178,158
Law, order, public safety		(1,897,764)	(2,192,065)	(1,792,536)
Health		(1,374,758)	(1,343,165)	(1,532,582)
Education and welfare		(212,323)	(183,232)	(261,976)
Housing		(904,796)	(859,507)	(1,067,348)
Community amenities		(13,655,639)	(18,085,599)	(14,172,503)
Recreation and culture		(30,197,904)	(30,471,820)	(27,543,562)
Transport		(21,438,745)	(20,948,645)	(22,451,522)
Economic services		(2,098,247)	(2,255,048)	(2,055,892)
Other property and services		(305,059)	(1,948,786)	(799,282)
		<u>(98,438,055)</u>	<u>(104,581,763)</u>	<u>(75,192,248)</u>
<b>Finance costs</b>				
	2(a)			
General purpose funding		0	0	(10,597)
Economic services		0	(47,700)	0
		<u>0</u>	<u>(47,700)</u>	<u>(10,597)</u>
<b>Non-operating grants, subsidies and contributions</b>				
Law, order, public safety		1,170,048	227,310	314,430
Community amenities		2,540,100	30,000	270,000
Recreation and culture		1,380,274	4,471,419	14,740,116
Transport		63,325,856	1,953,372	1,068,250
	27	<u>68,416,278</u>	<u>6,682,101</u>	<u>16,392,796</u>
<b>Profit/(Loss) on disposal of assets</b>				
Governance		(10,466)	(3,632)	(1,727)
Law, order, public safety		(48,264)	(13,742)	410
Health		567	1,189	8,018
Education and welfare		0	0	(408,909)
Housing		(293,742)	0	0
Community amenities		(67,335)	(377,142)	(80,045)
Recreation and culture		(2,408)	(1,070)	(1,584,358)
Transport		(117,123)	(154,979)	(29,579)
Economic services		0	(3,556)	3,340
Other property and services		(23,737)	(28,657)	14,148
	19	<u>(562,508)</u>	<u>(581,589)</u>	<u>(2,078,702)</u>
<b>Net result</b>		<u>108,665,489</u>	<u>38,283,041</u>	<u>33,382,052</u>

**CITY OF KARRATHA  
STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Net result</b>		<b>108,665,489</b>	<b>38,283,041</b>	<b>33,382,052</b>
Changes on revaluation of non-current assets		343,760,723	0	33,154,183
<b>Total other comprehensive income</b>		<u><b>343,760,723</b></u>	<u><b>0</b></u>	<u><b>33,154,183</b></u>
<b>Total comprehensive income</b>		<u><u><b>452,426,212</b></u></u>	<u><u><b>38,283,041</b></u></u>	<u><u><b>66,536,235</b></u></u>

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

**CITY OF KARRATHA  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2015**

	NOTE	2015 \$	2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	85,384,687	62,930,475
Trade and other receivables	4	21,022,833	11,944,823
Inventories	5	1,012,437	401,889
<b>TOTAL CURRENT ASSETS</b>		<u>107,419,957</u>	<u>75,277,187</u>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4	6,926,623	50,260
Property, plant and equipment	6	197,959,808	182,214,889
Infrastructure	7	531,091,475	127,062,962
<b>TOTAL NON-CURRENT ASSETS</b>		<u>735,977,906</u>	<u>309,328,111</u>
<b>TOTAL ASSETS</b>		<u>843,397,863</u>	<u>384,605,298</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	16,458,213	10,690,587
Provisions	9	3,750,143	3,390,759
<b>TOTAL CURRENT LIABILITIES</b>		<u>20,208,356</u>	<u>14,081,346</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	9	705,664	1,328,725
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>705,664</u>	<u>1,328,725</u>
<b>TOTAL LIABILITIES</b>		<u>20,914,020</u>	<u>15,410,071</u>
<b>NET ASSETS</b>		<u>822,483,843</u>	<u>369,195,227</u>
<b>EQUITY</b>			
Retained surplus		345,569,312	257,225,947
Reserves - cash backed	10	84,089,305	62,904,777
Revaluation surplus	11	392,825,226	49,064,503
<b>TOTAL EQUITY</b>		<u>822,483,843</u>	<u>369,195,227</u>

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

**CITY OF KARRATHA  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2013</b>		<b>244,064,164</b>	<b>42,684,508</b>	<b>15,910,320</b>	<b>302,658,992</b>
Comprehensive income					
Net result		33,382,052	0	0	33,382,052
Changes on revaluation of non-current assets	11	<u>0</u>	<u>0</u>	<u>33,154,183</u>	<u>33,154,183</u>
Total comprehensive income		33,382,052	0	33,154,183	66,536,235
Transfers from/(to) reserves	10	<u>(20,220,269)</u>	<u>20,220,269</u>	<u>0</u>	<u>0</u>
<b>Balance as at 30 June 2014</b>		<b>257,225,947</b>	<b>62,904,777</b>	<b>49,064,503</b>	<b>369,195,227</b>
Comprehensive income					
Net result		108,665,489	0	0	108,665,489
Adjustments to prior period transactions		(857)	0	0	(857)
Disposal of revalued non-current assets	11	726,866	0	(726,866)	0
Other adjustments to revalued non-current assets	11	136,395	0	(136,395)	0
Impairment to revalued non-current assets	11	0	0	(11,083,247)	(11,083,247)
Changes on revaluation of non-current assets	11	0	0	355,707,231	355,707,231
Rounding	11	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total comprehensive income		109,527,893	0	343,760,723	453,288,616
Transfers from/(to) reserves	10	<u>(21,184,528)</u>	<u>21,184,528</u>	<u>0</u>	<u>0</u>
<b>Balance as at 30 June 2015</b>		<b><u>345,569,312</u></b>	<b><u>84,089,305</u></b>	<b><u>392,825,226</u></b>	<b><u>822,483,843</u></b>

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

**CITY OF KARRATHA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		40,576,230	38,823,388	35,428,282
Operating grants, subsidies and contributions		58,856,176	12,647,119	5,455,025
Fees and charges		44,143,892	45,085,103	47,162,921
Service charges		30,308,739	34,545,605	0
Interest earnings		3,576,356	3,398,954	2,445,100
Goods and services tax		214,555	0	6,441,587
Other revenue		2,633,866	555,039	1,482,487
		<u>180,309,814</u>	<u>135,055,208</u>	<u>98,415,402</u>
<b>Payments</b>				
Employee costs		(33,009,008)	(36,086,390)	(32,729,430)
Materials and contracts		(25,852,385)	(48,455,721)	(22,980,487)
Utility charges		(3,946,511)	(4,175,242)	(4,275,811)
Interest expenses		0	(47,700)	(11,633)
Insurance expenses		(1,606,064)	(1,753,304)	(1,700,422)
Goods and services tax		0	0	(6,319,619)
Other expenditure		(3,891,524)	(3,845,795)	(2,321,215)
		<u>(68,305,492)</u>	<u>(94,364,152)</u>	<u>(70,338,617)</u>
<b>Net cash provided by (used in) operating activities</b>	12(b)	<u>112,004,322</u>	<u>40,691,056</u>	<u>28,076,785</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for development of Land held for resale		(524,251)	0	0
Payments for purchase of property, plant & equipment	6(b)	(33,756,697)	(37,636,271)	(13,314,557)
Payments for construction of infrastructure	7(b)	(66,998,040)	(12,240,227)	(12,062,698)
Non-operating grants, Subsidies and contributions	27	11,508,482	6,682,101	16,392,796
Proceeds from sale of fixed assets	19	958,228	789,850	235,641
		<u>(88,812,278)</u>	<u>(42,404,547)</u>	<u>(8,748,818)</u>
<b>Net cash provided by (used in) investment activities</b>		<u>(88,812,278)</u>	<u>(42,404,547)</u>	<u>(8,748,818)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		0	(354,625)	(56,334)
Proceeds from self supporting loans		(3,143)	3,143	10,431
Advances to community groups		(970,047)	0	0
Proceeds from advances		235,358	221,863	0
Other loan principal income		0	0	0
Proceeds from new debentures		0	8,000,000	0
<b>Net cash provided by (used in) financing activities</b>		<u>(737,832)</u>	<u>7,870,381</u>	<u>(45,903)</u>
<b>Net increase (decrease) in cash held</b>		22,454,212	6,156,890	19,282,064
Cash at beginning of year		62,930,475	69,178,936	43,648,411
<b>Cash and cash equivalents at the end of the year</b>	12(a)	<u>85,384,687</u>	<u>75,335,826</u>	<u>62,930,475</u>

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

**CITY OF KARRATHA  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
<b>Revenue</b>				
Governance		1,119,962	176,088	1,006,843
General purpose funding		38,386,953	41,130,572	3,849,211
Law, order, public safety		2,622,400	1,365,336	1,234,912
Health		230,949	183,189	198,211
Education and welfare		58,900	58,900	152,082
Housing		301,999	349,356	246,833
Community amenities		13,905,048	12,688,688	13,600,106
Recreation and culture		21,624,236	15,976,278	23,241,511
Transport		87,600,464	29,985,449	29,677,801
Economic services		529,393	537,040	763,467
Other property and services		1,263,357	478,892	969,601
		<u>167,643,661</u>	<u>102,929,788</u>	<u>74,940,578</u>
<b>Expenses</b>				
Governance		(15,746,339)	(5,866,028)	(3,694,930)
General purpose funding		(10,621,027)	(20,431,500)	167,561
Law, order, public safety		(1,947,354)	(2,205,807)	(1,797,569)
Health		(1,374,758)	(1,343,165)	(1,532,582)
Education and welfare		(212,323)	(183,232)	(670,885)
Housing		(1,198,538)	(859,507)	(1,067,348)
Community amenities		(13,738,127)	(18,462,741)	(14,252,548)
Recreation and culture		(30,207,004)	(30,480,213)	(29,134,336)
Transport		(21,614,633)	(21,110,979)	(22,490,592)
Economic services		(2,098,247)	(2,306,304)	(2,055,892)
Other property and services		(333,385)	(1,977,443)	(799,282)
		<u>(99,091,735)</u>	<u>(105,226,919)</u>	<u>(77,328,403)</u>
<b>Net result excluding rates</b>		68,551,926	(2,297,131)	(2,387,825)
<b>Adjustments for cash budget requirements:</b>				
<b>Non-cash expenditure and revenue</b>				
Initial recognition of assets due to change to regulations				
- Land		0	0	(564,454)
(Profit)/Loss on asset disposals	19	562,508	581,589	2,078,702
Contributions of Gifted Assets		(56,907,796)	0	0
Loss on revaluation of fixed assets		11,375,117	0	0
Movement in Accrued Interest		0	0	(1,036)
Movement in accrued salaries and wages		229,373		486,070
Movement in employee benefit provisions (non-current)		(623,061)	220,900	811,942
Depreciation and amortisation on assets	2(a)	12,711,351	11,202,287	9,858,361
<b>Capital expenditure and revenue</b>				
Purchase land held for resale		(524,251)	0	0
Purchase of land and buildings	6(b)	(1,688,917)	(33,183,371)	(11,382,291)
Purchase equipment (external)	6(b)	(86,404)	0	(188,740)
Purchase furniture & equipment	6(b)	(626,676)	(632,900)	(693,893)
Purchase artwork and sculptures	6(b)	0	0	(132,727)
Purchase plant	6(b)	(2,464,309)	(3,820,000)	(1,074,248)
Purchase infrastructure assets		(5,319,134)	(12,240,227)	(12,062,698)
Purchase works in progress		(33,661,501)	0	0
Advances to community groups		(970,047)	0	0
Repayment of advances to community groups		235,358	0	0
Income Set Aside as Restricted Funds - Expense		(26,823)	0	(4,918)
Proceeds from disposal of fixed assets	19	958,228	789,850	235,641
Repayment of debentures	20(a)	0	(354,625)	(56,334)
Proceeds from new debentures	20(b)	0	8,000,000	0
Proceeds from self supporting loans		0	3,143	10,431
Other Loan Principal Income		0	221,863	0
Transfers to reserves (restricted assets)	10	(55,640,657)	(35,466,456)	(27,040,869)
Transfers from reserves (restricted assets)	10	34,456,129	25,282,386	6,820,600
ADD Estimated surplus/(deficit) July 1 b/fwd	21(b)	1,617,633	1,112,520	1,136,042
LESS Estimated restricted surplus/(deficit) June 30 c/fwd	21(b)	12,208,160	0	0
LESS Estimated unrestricted surplus/(deficit) June 30 c/fwd	21(b)	63,450	0	1,617,633
<b>Total amount raised from general rate</b>	21(a)	<u>(40,113,563)</u>	<u>(40,580,172)</u>	<u>(35,769,877)</u>

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

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

**Critical accounting estimates**

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 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.

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 18 to these financial statements.

**(b) 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.

**(c) 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 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 reported as short term borrowings in current liabilities in the statement of financial position.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) 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.

**(e) 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.

**Land held for sale**

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 any 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 the Council's intentions to release for sale.

**(f) Fixed Assets**

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

**Mandatory requirement to revalue non-current assets**

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
- (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
  - (i) that are plant and equipment; and
  - (ii) that are -
    - (I) land and buildings; or-
    - (II) Infrastructure;

and

- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, the City commenced the process of adopting Fair Value in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Land under control***

In accordance with Local Government (Financial Management) Regulation 16(a), the City was required to include as an asset (by 30 June 2013), Crown Land operated by the local government such as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

***Initial recognition and measurement between mandatory revaluation dates***

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, 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 acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

***Revaluation***

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

***Land under roads***

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the City.

**CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***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.

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset for the 2014/15 financial year were:

Artwork/sculptures	50 years
Buildings:	
- Buildings	50 years
- Buildings fixtures/fittings	11 years
- Buildings on leased land	21 years
- Transportable building	15 years
Furniture & Internal Equipment:	
- Computers & peripherals	3 years
- Other electronic equipment	4 years
- Furniture	10 years
Plant:	
- Construction plant (e.g. prime movers and trailers)	12 years
- Construction vehicles (e.g. trucks)	8 years
- Light commercial vehicles	5 years
- Passenger vehicles	5 years
- Heavy plant	4 years
Equipment:	
- Heavy usage	2.5 years
- Light usage	5 years
Infrastructure:	
- Roads	28 years
- Paths and cycleways	21 years
- Aerodromes	28 years
- Parks and gardens	100 years
- Hard-court facility - bitumen	28 years
- Hard-court facility - concrete	42 years
- Bridges and culverts	21 years
- Drainage	56 years
- Miscellaneous structures	21 years
- Boat ramps/jetties	51 years

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

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

Through the revaluation of Council's Infrastructure Assets during the year ended 30 June 2015, Council officers also sought recommendations with regards to asset useful lives from the valuation provider. Based on these recommendations, major depreciation periods used for each sub class of depreciable infrastructure assets are as follows:

Infrastructure:

- Access Roads - Seal	20 years
- Airport Sealed Taxiway - Formation	80 years
- Airport Sealed Taxiway - Pavement	50 years
- Airport Water System - Hydrants & Valves	50 years
- Airport Water System - Pipework	80 years
- Airport Water System - Pumps	20 years
- Airport Water System - Tanks	60 years
- Ancillary Assets	30 years
- Boat Ramps/Jetties	50 years
- Bridges & Culverts	80 years
- Building & Structures	30 years
- Car Park Furniture	40 years
- Car Park Payment System	30 years
- Closed Circuit Television	20 years
- Effluent Ponds	60 years
- Effluent Reuse Supply Pipes	50 years
- Fencing - General	30 years
- Fencing - Specialised	40 years
- Footpaths	45 years
- Irrigation	30 years
- Kerbs	40 years
- Landfill Cell	50 years
- Lighting - General	30 years
- Lighting - Low output	30 years
- Lighting - Oval & Carpark	40 years
- Parks & Open Space Furniture	15 years
- Pedestrian Bridge	40 years
- Playground Equipment	15 years
- Pool Structures	40 years
- Power System	60 years
- Roads & Carparks - Surface	30 years
- Roads & Carparks - Pavement	70 years
- Sea Container - Specialised	40 years
- Sea Container - Standard	30 years
- Sealed Taxiways, Runways & Aprons - Seal	20 years
- Settlement Ponds	80 years
- Skate Parks & Courts	40 years
- Sports Courts, Pitches & Tracks	30 years
- Stormwater Network	80 years
- Street Furniture	30 years
- Structures	30 years
- Waste Ancillary Assets	40 years

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

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

***Capitalisation threshold***

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

**(g) Fair Value of Assets and Liabilities**

When performing a revaluation, the City uses a mix of both independent and management valuations using the following as a guide:

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 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.

***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.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fair Value of Assets and Liabilities (Continued)**

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 an asset at its current service capacity.

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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

**(h) Financial Instruments**

***Initial recognition and measurement***

Financial assets and financial liabilities are recognised when the City becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the City commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

***Classification and subsequent measurement***

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

***Classification and subsequent measurement (continued)***

*(i) Financial assets at fair value through profit and loss*

Financial assets are classified at “fair value through profit or loss” when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the City has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in non-current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

*(v) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

***Impairment***

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

***Derecognition***

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the City no longer has any significant continual involvement in the risks and benefits associated with the asset.

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

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(i) 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.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

**(j) 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 normally paid within 30 days of recognition.

**(k) Employee Benefits**

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

**Other long-term employee benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits 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 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Employee Benefits (Continued)**

Employee benefits are accrued on the basis of numbers of years employed (continuously) in Local Government as follows:

0-1 years	10% of normal accrual
1-2 years	15% of normal accrual
2-3 years	25% of normal accrual
3-4 years	40% of normal accrual
4-5 years	60% of normal accrual
5-6 years	80% of normal accrual
6-7 years	90% of normal accrual
7-10 years	100% of normal accrual

The City of Karratha's Enterprise Agreement 2012 permits employees to apply to take pro-rata Long Service Leave (6.5 weeks) on completion of each 5 years of continuous service with the City. Where an employee has reached a period of service with the City longer than 5 years but less than 7, employee benefits are accrued on the basis of numbers of years employed (continuously) with the City of Karratha as follows:

0-1 years	20% of normal accrual
1-2 years	30% of normal accrual
2-3 years	50% of normal accrual
3-4 years	70% of normal accrual
4-5 years	90% of normal accrual

**(l) Borrowing Costs**

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

**(m) 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.

**(n) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the City, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(o) Investment in Associates**

An associate is an entity over which the City has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the City's share of net assets of the associate. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the City's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the City and the associate are eliminated to the extent of the City's interest in the associate.

When the City's share of losses in an associate equals or exceeds its interest in the associate, the City discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the City will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

**(p) Interests in Joint Arrangements**

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The City's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 15.

**(q) Rates, Grants, Donations and Other Contributions**

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

**(r) 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.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(s) 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.

**(t) Rounding Off Figures**

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

**(u) 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 statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

**(v) 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.

**CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the City.

Management's assessment of the new and amended pronouncements that are relevant to the City, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the City, it is not anticipated the Standard will have any material effect.
(ii) AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)  [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	September 2012	1 January 2018	Nil - The revisions embodied in this Standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the City (refer (i) above).
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend upon the nature of future transactions the City has with those third parties it has dealings with. It may or may not be significant.

**CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

	<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(iv)	AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments  [Operative date: Part C Financial Instruments - 1 January 2015]	December 2013	Refer title column	Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.  As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the City.
(v)	AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations  [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.  Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the City's financial statements.
(vi)	AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation  [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.  Given the City currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.

**CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(vii) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101  [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures.</p>
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	<p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn.</p> <p>It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.</p>

**CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(x) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities  [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.  The Standard is expected to have a significant disclosure impact on the financial report of the City as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

**(x) Adoption of New and Revised Accounting Standards**

During the current year, the City adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.

These new and revised Standards were:

- AASB 2011-7
- AASB 2012-3
- AASB 2013-3
- AASB 2013-8
- AASB 2013-9 Parts A & B

Most of the Standards adopted had a minimal effect on the accounting and reporting practices of the City as they did not have a significant impact on the accounting or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

<b>2. REVENUE AND EXPENSES</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Net Result</b>		
The Net result includes:		
(i) Charging as an expense:		
<b>Auditors remuneration</b>		
- Audit of the annual financial report	36,205	25,000
- Other services	826	13,575
<b>Depreciation</b>		
Buildings	2,630,995	1,908,400
Equipment (External)	129,397	178,257
Furniture & Equipment	784,293	663,118
Artwork and Sculptures	20,220	17,686
Plant	1,872,621	1,723,558
Roads	2,693,304	1,880,250
Footpaths	489,640	266,994
Aerodromes	2,056,395	1,944,710
Parks & Gardens	128,900	118,341
Hardcourt Facilities	147,309	125,916
Bridges & Culverts	277,135	84,508
Drainage	37,646	21,768
Boat Ramps & Jetties	175,480	124,976
Miscellaneous Structures	1,268,016	799,879
	<u>12,711,351</u>	<u>9,858,361</u>
<b>Interest expenses (finance costs)</b>		
Debentures	0	10,597
	<u>0</u>	<u>10,597</u>
<b>Rental charges</b>		
- Operating leases	7,394	97,526
	<u>7,394</u>	<u>97,526</u>
(ii) Crediting as revenue:		
<b>Other revenue</b>		
Other	2,633,866	1,482,487
	<u>2,633,866</u>	<u>1,482,487</u>

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

	<b>2015 Actual \$</b>	<b>2015 Budget \$</b>	<b>2014 Actual \$</b>
<b>Interest earnings</b>			
<b>Earnings on Reserve Funds</b>			
Employee Entitlement Reserve	75,045	74,184	68,128
Aerodrome Reserve	218,368	705,024	416,963
Dampier Drainage Reserve	0	24	657
Walkington Theatre Reserve	915	204	583
Plant Replacement Reserve	70,338	72,756	72,931
Workers Compensation Reserve	21,030	23,328	19,076
Waste Management Reserve	573,975	687,612	519,318
Infrastructure Reserve	657,101	529,056	240,659
Housing Reserve	0	0	1
Aged Persons Unit Reserve	2,404	2,664	2,213
Junior Sport Reserve	0	60	2,246
Public Open Space Reserve	0	0	698
History & Cultural Publications Reserve	1,695	2,028	1,662
Mosquito Control Reserve	180	180	142
Medical Services Assistance Package Reserv	8,677	8,424	7,923
Royalties for Regions Reserve	0	0	0
Community Development Reserve	7,162	32,412	27,162
Carry Forward Budget Reserve	0	0	0
Restricted Funds Reserve	0	0	(28)
Heavy Haulage Reserve	0	0	0
Partnership Reserve	262,056	158,748	0
Pilbara Underground Power Reserve	284,141	522,000	0
<b>Earnings on Municipal Funds</b>			
- Other funds	497,287	430,250	680,313
- Other interest revenue (refer note 25)	895,982	150,000	384,453
	<u>3,576,356</u>	<u>3,398,954</u>	<u>2,445,100</u>

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(b) Statement of Objective**

In order to discharge its responsibilities to the community, the City 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.

**COMMUNITY VISION**

The City is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

City operations as disclosed in these financial statements encompass the following service orientated activities/programs.

**GOVERNANCE**

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.

**GENERAL PURPOSE FUNDING**

Rating (including ex-gratia contributions), interest revenues and general purpose Government grant functions. Includes the Financial Assistance Grant received from the Local Government Grants Commission and all other rate income.

**LAW, ORDER, PUBLIC SAFETY**

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**

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**

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**

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

**CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(b) Statement of Objective (Continued)**

**COMMUNITY AMENITIES**

Rubbish collection services, operation of tip, 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**

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

**TRANSPORT**

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 & Roebourne Airport.

**ECONOMIC SERVICES**

Tourism and administration of building controls. Expenditure includes Councils contributions to the Karratha and Roebourne Visitor Centres and the Pilbara Tourism Association, and the costs associated with building control.

**OTHER PROPERTY AND SERVICES**

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 other functions. The costs associated with financing and administration are allocated direct to the relevant functions.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(c) Conditions Over Grants/Contributions**

<b>Grant/Contribution</b>	<b>Opening Balance <sup>(1)</sup> 1/07/13 \$</b>	<b>Received <sup>(2)</sup> 2013/14 \$</b>	<b>Expended <sup>(3)</sup> 2013/14 \$</b>	<b>Closing Balance <sup>(1)</sup> 30/06/14 \$</b>	<b>Received <sup>(2)</sup> 2014/15 \$</b>	<b>Expended <sup>(3)</sup> 2014/15 \$</b>	<b>Closing Balance 30/06/15 \$</b>		
Roebourne Community Recreation Assoc Inc	23,024	0	0	23,024	0	0	23,024	(1)	*
PDC Hydrology Grant	40,000	0	0	40,000	0	0	40,000	(1)	*
Walking Paths Network - Landcorp	6,407	0	(6,407)	0	0	0	0		
FESA - BFB Operating Grant funding 11/12	4,312	0	(4,312)	0	0	0	0		
Landcorp Regional Development Assistance Program (RDAP)	75,026	0	(75,026)	0	0	0	0		
Financial Assistance Grant 13/14	1,787,346	0	(1,787,346)	0	0	0	0		
Rio Tinto - Wickham Recreation and Community Facilities Project	132,087	300,000	(246,932)	185,155	0	0	185,155	(1)	*
Rio Tinto - Dampier Community Hub	447,556	4,000,000	(636,350)	3,811,206	6,000,000	(2,142,662)	7,668,544	(2)	*
Woodside Energy Ltd - 2013 Youth Leadership Network Program	17,543	0	(17,543)	0	0	0	0		
Attorney General Dept - CCTV/Graffiti Act	90,000	0	0	90,000	0	(90,000)	0	(3)	
WA Police - Karratha CCTV	25,000	0	0	25,000	0	0	25,000	(1)	*
Community Crime Prevention Grant - Lighting the Park	25,000	0	0	25,000	0	(25,000)	0	(3)	
Rio Tinto - Wickham / Roebourne SES Facility	0	200,000	0	200,000	200,000	(336,184)	63,816	(2)	*
Rio Tinto - Partnership Management Team	0	756,000	(702,949)	53,051	2,793,800	(2,793,191)	53,660	(2)	*
Rio Tinto - Community Development Services	0	0	0	0	1,352,000	(624,714)	727,286	(2)	*
Curtin University - Tobacco Control	0	5,000	(2,880)	2,120	0	(2,120)	0	(3)	
Department Of Health (Mosquito Control) - FIMMWA	0	5,600	(2,802)	2,798	0	(2,798)	0	(3)	
Pilbara Youth Justice Service	0	5,000	0	5,000	0	0	5,000	(1)	*
Woodside Energy Ltd - Cleansweep Taskforce Initiative	0	90,000	(70,000)	20,000	0	(20,000)	0	(3)	
Pilbara Industry Road Safety Alliance	0	88,200	(24,394)	63,806	60,000	(15,446)	108,360	(2)	*
PDC - Roebourne Community Aquatic Centre	0	0	0	0	20,000	0	20,000	(2)	#
Fleetwood Corporation - Searipple Precinct Foreshore Works	0	0	0	0	44,825	0	44,825	(2)	*
Landcorp - Effluent Reuse Scheme	0	0	0	0	1,985,000	0	1,985,000	(2)	*
WaterCorp - Karratha Water Recycling Scheme	0	0	0	0	500,000	0	500,000	(2)	*
PRC - Contribution to Sullage Point	0	0	0	0	11,100	(7,500)	3,600	(2)	#
DSC - VisAbility Grant	0	0	0	0	12,000	(8,777)	3,223	(2)	#
<b>Total</b>	<b>2,673,301</b>	<b>5,449,800</b>	<b>(3,576,941)</b>	<b>4,546,160</b>	<b>12,978,725</b>	<b>(6,068,392)</b>	<b>11,456,493</b>		

**Notes:**

**(1)** - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

**(2)** - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

**(3)** - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**(\*)** - Grants/contributions have been received in Municipal cash but have been transferred to Restricted Reserve cash funds in 2014/15

**(#)** - Grants/contributions have been received in Municipal cash and are contained in Note 3 Restricted Cash.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	Note	2015 \$	2014 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		0	0
- Cash on Hand		18,705	18,455
- Cash at Municipal Bank		1,249,854	2,325
Restricted - Municipal (Unspent Grants/Contributions)		26,823	4,918
Restricted - Reserves		<u>84,089,305</u>	<u>62,904,777</u>
		<u>85,384,687</u>	<u>62,930,475</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Employee Entitlement Reserve	10	3,786,466	2,299,046
Aerodrome Reserve	10	4,703,106	14,722,172
Walkington Theatre Reserve	10	29,500	28,457
Plant Replacement Reserve	10	1,856,646	2,448,687
Workers Compensation Reserve	10	487,806	644,269
Waste Management Reserve	10	18,491,943	18,552,708
Infrastructure Reserve	10	27,101,159	18,132,785
Housing Reserve	10	315,000	0
Aged Persons Unit Reserve	10	76,384	73,651
Public Open Space Reserve	10	0	730
History & Cultural Publications Reserve	10	0	55,919
Mosquito Control Reserve	10	6,234	5,462
Medical Services Assistance Package Reserve	10	275,666	265,803
Community Development Reserve	10	549,449	1,149,692
Carry Forward Budget Reserve	10	4,223,638	0
Restricted Funds Reserve	10	275,982	275,982
Partnership Reserve	10	11,932,058	4,249,414
Pilbara Underground Power Reserve	10	9,978,268	0
Unspent grants	2(c)	<u>26,823</u>	<u>4,918</u>
		<u>84,116,128</u>	<u>62,909,695</u>

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	Note	2015 \$	2014 \$
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates Outstanding		2,100,461	2,597,895
- Service Charge		5,829,349	0
- Rubbish		1,020,799	1,158,350
- Fees and Charges for Services		425,360	62,510
- Private Works		3,487	3,487
- Income from Property		55,153	56,641
- Aerodrome		5,421,862	6,063,358
- Grants and Contributions		5,501,758	1,171,183
- Reimbursements and General		(476,407)	53,813
- Excess Rates Receipts		(413,592)	(1,410,616)
Staff Housing Bonds		67,085	129,961
Self Supporting Loans		0	3,143
Pensioner Rebates Unclaimed		34,767	0
Accrued Income		1,574,633	1,343,336
Prepayments		106,245	333,855
Less Provision for Doubtful Debts		(703,254)	(68,352)
GST receivable		231,704	446,259
Loans - clubs/institutions		243,423	0
		<u>21,022,833</u>	<u>11,944,823</u>
<b>Non-current</b>			
Loans - clubs/institutions		547,812	50,260
Service Charge		6,378,811	0
		<u>6,926,623</u>	<u>50,260</u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Fuel and materials		480,173	391,802
Food, Drinks & Merchandise Roebourne Aquatic Centre		876	1,267
Food, Drinks & Merchandise Youth Shed		3,356	2,584
Food, Drinks & Merchandise Wickham Recreation Precinct		606	0
Food, Drinks & Merchandise Karratha Leisureplex		3,175	6,236
Land held for resale - cost			
Cost of acquisition		524,251	0
		<u>1,012,437</u>	<u>401,889</u>
<b>Non-current</b>			
Land held for resale - cost			
Cost of acquisition		0	0
Development costs		0	0
		<u>0</u>	<u>0</u>

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	2015 \$	2014 \$
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
Freehold land at:		
- Independent valuation 2013 - level 2	29,782,661	34,009,000
- Additions after valuation - cost	<u>1,574</u>	<u>615,000</u>
	29,784,235	34,624,000
Land vested in and under the control of Council at:		
- Independent valuation 2014 - level 3	395,000	395,000
- Management Valuation 2014	<u>169,454</u>	<u>169,454</u>
	564,454	564,454
<b>Total Land</b>	<u><u>30,348,689</u></u>	<u><u>35,188,454</u></u>
Buildings at:		
- Independent valuation 2013 - level 2	119,791,141	75,603,000
- Additions after valuation - cost	1,643,435	51,171,846
Less: accumulated depreciation	<u>(4,442,194)</u>	<u>(1,908,400)</u>
	116,992,382	124,866,446
Equipment (External) at:		
- Management valuation 2013 - level 3 at:	3,253,968	3,100,507
- Additions after valuation - cost at:	86,404	220,628
Less accumulated depreciation	<u>(3,019,491)</u>	<u>(2,957,263)</u>
	320,881	363,872
Furniture & Equipment at:		
- Management valuation 2013 - level 2	6,372,496	5,412,538
- Additions after valuation - cost	626,676	1,059,580
Less accumulated depreciation	<u>(4,425,054)</u>	<u>(3,716,603)</u>
	2,574,118	2,755,515
Artwork and Sculptures at:		
- Management valuation 2015 - level 3	865,250	0
- Cost	0	1,019,235
Less accumulated depreciation	<u>0</u>	<u>(54,566)</u>
	865,250	964,669
Plant at:		
- Management valuation 2013 - level 1	13,065,126	13,747,353
- Additions after valuation - cost	2,464,309	1,074,248
Less accumulated depreciation	<u>(6,289,814)</u>	<u>(5,428,738)</u>
	9,239,621	9,392,863
Works in Progress	37,618,867	8,683,070
	<u><u>197,959,808</u></u>	<u><u>182,214,889</u></u>

The fair value of property, plant and equipment is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(b) Movements in Carrying Amounts**

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

	<u>Fair Value Hierarchy</u>	<u>Balance at the Beginning of the Year \$</u>	<u>Additions \$</u>	<u>(Disposals) \$</u>	<u>Revaluation Increments/ (Decrements) \$</u>	<u>Impairment (Losses)/ Reversals \$</u>	<u>Depreciation (Expense) \$</u>	<u>Transfers \$</u>	<u>Carrying Amount at the End of Year \$</u>
Freehold land	Level 2	34,624,000	1,574	(450,000)	0	(4,389,765)	0	(1,574)	29,784,235
Land vested in and under the control of Council	Level 3	564,454	0	0	0	0	0	0	564,454
<b>Total land</b>		<b>35,188,454</b>	<b>1,574</b>	<b>(450,000)</b>	<b>0</b>	<b>(4,389,765)</b>	<b>0</b>	<b>(1,574)</b>	<b>30,348,689</b>
Buildings	Level 2	124,866,446	1,687,343	(193,096)	0	(6,693,482)	(2,630,995)	(43,834)	116,992,382
<b>Total buildings</b>		<b>124,866,446</b>	<b>1,687,343</b>	<b>(193,096)</b>	<b>0</b>	<b>(6,693,482)</b>	<b>(2,630,995)</b>	<b>(43,834)</b>	<b>116,992,382</b>
<b>Total land and buildings</b>		<b>160,054,900</b>	<b>1,688,917</b>	<b>(643,096)</b>	<b>0</b>	<b>(11,083,247)</b>	<b>(2,630,995)</b>	<b>(45,408)</b>	<b>147,341,071</b>
Equipment (External)	Level 3	363,872	86,404	0	0	0	(129,397)	2	320,881
Furniture & Equipment	Level 2	2,755,515	626,676	(23,777)	0	0	(784,293)	(3)	2,574,118
Artwork and Sculptures	Level 3	964,669	0	(21,469)	(57,730)	0	(20,220)	0	865,250
Plant	Level 1	9,392,863	2,464,309	(744,930)	0	0	(1,872,621)	0	9,239,621
Works in Progress		8,683,070	28,890,391	0	0	0	0	45,406	37,618,867
Rounding		0	0	0	0	0	0	3	3
<b>Total property, plant and equipment</b>		<b>182,214,889</b>	<b>33,756,697</b>	<b>(1,433,272)</b>	<b>(57,730)</b>	<b>(11,083,247)</b>	<b>(5,437,526)</b>	<b>0</b>	<b>197,959,811</b>

The revaluation of artwork assets resulted in a decrease on revaluation of \$57,730 in the net value of artworks. All of this decrease was recognised as fair value adjustments to financial assets at fair value through profit or loss in the Statement of Comprehensive Income.

The impairment of land and building marketable assets resulted in an impairment of \$11,083,247 in the net value of land and buildings. This impairment was debited to the revaluation surplus in the City's equity (refer Note 11).

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>7 (a). INFRASTRUCTURE</b>		
Roads		
- Management valuation 2015 - level 3	357,077,603	0
- Cost	0	73,120,984
Less accumulated depreciation	<u>0</u>	<u>(50,899,587)</u>
	357,077,603	22,221,397
Footpaths		
- Management valuation 2015 - level 3	30,813,725	0
- Cost	0	10,048,633
Less accumulated depreciation	<u>0</u>	<u>(4,351,582)</u>
	30,813,725	5,697,051
Aerodromes		
- Independent valuation 2015 - level 3	63,697,864	0
- Management valuation 2015 - level 3	136,564	0
- Cost	0	57,337,795
Less accumulated depreciation	<u>0</u>	<u>(12,858,759)</u>
	63,834,428	44,479,036
Parks & Gardens		
- Independent valuation 2015 - level 3	5,197,030	0
- Cost	0	12,899,586
Less accumulated depreciation	<u>0</u>	<u>(1,246,275)</u>
	5,197,030	11,653,311
Hardcourt Facilities		
- Independent valuation 2015 - level 3	7,957,736	0
- User defined	0	7,460,595
Less accumulated depreciation	<u>0</u>	<u>(1,268,542)</u>
	7,957,736	6,192,053
Bridges & Culverts		
- Independent valuation 2015 - level 3	28,509,920	0
- Cost	0	5,141,228
Less accumulated depreciation	<u>0</u>	<u>(4,284,366)</u>
	28,509,920	856,862
Drainage		
- Independent valuation 2015 - level 3	1,576,431	0
- Cost	0	2,850,394
Less accumulated depreciation	<u>0</u>	<u>(564,428)</u>
	1,576,431	2,285,966
Boat Ramps & Jetties		
- Independent valuation 2015 - level 3	4,009,768	0
- Cost	0	2,415,002
Less accumulated depreciation	<u>0</u>	<u>(1,804,486)</u>
	4,009,768	610,516
Miscellaneous Structures		
- Independent valuation 2015 - level 3	16,935,083	0
- Management valuation 2015 - level 3	2,350	0
- Cost	0	26,141,830
Less accumulated depreciation	<u>0</u>	<u>(3,564,441)</u>
	16,937,433	22,577,389

**CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>7 (a). INFRASTRUCTURE (Continued)</b>		
Works in Progress	15,177,401	10,489,381
	<u>531,091,475</u>	<u>127,062,962</u>

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions.

This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires infrastructure to be shown at fair value.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**7. INFRASTRUCTURE (Continued)**

**(b) Movements in Carrying Amounts**

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

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of the Year \$
Roads	22,221,397	57,255,952	0	272,265,766	0	(2,693,304)	8,027,792	357,077,603
Footpaths	5,697,051	1,947,781	0	24,543,432	0	(489,640)	(884,899)	30,813,725
Aerodromes	44,479,036	580,384	0	22,340,114	0	(2,056,395)	(1,508,711)	63,834,428
Parks & Gardens	11,653,311	1,019,012	0	(11,317,387)	0	(128,900)	3,970,994	5,197,030
Hardcourt Facilities	6,192,053	174,098	0	616,856	0	(147,309)	1,122,038	7,957,736
Bridges & Culverts	856,862	104,782	(85,546)	27,654,868	0	(277,135)	256,089	28,509,920
Drainage	2,285,966	0	0	113,738	0	(37,646)	(785,627)	1,576,431
Boat Ramps & Jetties	610,516	406,537	0	3,662,964	0	(175,480)	(494,769)	4,009,768
Miscellaneous Structures	22,577,389	738,384	0	4,509,493	0	(1,268,016)	(9,619,817)	16,937,433
Transfers to/ (from) WIP	10,489,381	4,771,110	0	0	0	0	(83,090)	15,177,401
Rounding	0	0	0	0	0	0	0	0
<b>Total infrastructure</b>	<b><u>127,062,962</u></b>	<b><u>66,998,040</u></b>	<b><u>(85,546)</u></b>	<b><u>344,389,844</u></b>	<b><u>0</u></b>	<b><u>(7,273,825)</u></b>	<b><u>0</u></b>	<b><u>531,091,475</u></b>

The revaluation of infrastructure assets resulted in an increase on revaluation of \$344,389,844 in the net value of infrastructure.

Increases totalling \$355,707,232 were credited to the revaluation surplus in the City's equity (refer Note 11) and were recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income. Decreases in value totalling (\$11,317,387) for Parks & Gardens were recognised in profit and loss.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
<b>Roads</b>	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Footpaths</b>	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Aerodromes</b>	Level 3	Cost approach using depreciated replacement cost	Independent and Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Parks &amp; Gardens</b>	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Hardcourt Facilities</b>	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Bridges &amp; Culverts</b>	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Drainage</b>	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Boat Ramps &amp; Jetties</b>	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Miscellaneous Structures</b>	Level 3	Cost approach using depreciated replacement cost	Independent and Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (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.

**CITY OF KARRATHA**  
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	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	8,882,020	8,831,597
Other Liabilities	46,155	(17,008)
Retention Monies	248,402	261,915
Accrued Expenses	395,315	(23,038)
Accrued salaries and wages	1,078,772	849,399
ATO liabilities	(77)	33
Income Received in Advance	5,668,528	777,896
Net Trust Liabilities	139,098	9,793
	<b>16,458,213</b>	<b>10,690,587</b>

The City did not have any long term borrowings at the reporting date.

**9. PROVISIONS**

	<b>Provision for Annual Leave \$</b>	<b>Provision for Long Service Leave \$</b>	<b>Total \$</b>
<b>Opening balance at 1 July 2014</b>	2,358,354	1,032,405	3,390,759
Non-current provisions	0	1,328,725	1,328,725
	2,358,354	2,361,130	4,719,484
Additional provision	2,999,362	(458,984)	2,540,378
Amounts used	(2,748,254)	(175,245)	(2,923,499)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	20,852	98,592	119,444
<b>Balance at 30 June 2015</b>	<b>2,630,314</b>	<b>1,825,493</b>	<b>4,455,807</b>
<b>Comprises</b>			
Current	2,630,314	1,119,829	3,750,143
Non-current	0	705,664	705,664
	<b>2,630,314</b>	<b>1,825,493</b>	<b>4,455,807</b>

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	2015 \$	2015 Budget \$	2014 \$
<b>10. RESERVES - CASH BACKED</b>			
<b>(a) Employee Entitlement Reserve</b>			
Opening balance	2,299,046	2,060,821	2,240,849
Amount set aside / transfer to reserve	1,487,420	74,184	58,197
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>3,786,466</u>	<u>2,135,005</u>	<u>2,299,046</u>
<b>(b) Aerodrome Reserve</b>			
Opening balance	14,722,172	19,584,133	12,997,991
Amount set aside / transfer to reserve	780,883	705,024	1,724,181
Amount used / transfer from reserve	<u>(10,799,949)</u>	<u>(9,492,459)</u>	<u>0</u>
	<u>4,703,106</u>	<u>10,796,698</u>	<u>14,722,172</u>
<b>(c) Dampier Drainage Reserve</b>			
Opening balance	0	529	26,765
Amount set aside / transfer to reserve	0	24	661
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>(27,426)</u>
	<u>0</u>	<u>553</u>	<u>0</u>
<b>(d) Walkington Theatre Reserve</b>			
Opening balance	28,457	5,639	5,087
Amount set aside / transfer to reserve	1,043	204	23,370
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>29,500</u>	<u>5,843</u>	<u>28,457</u>
<b>(e) Plant Replacement Reserve</b>			
Opening balance	2,448,687	2,020,917	2,384,844
Amount set aside / transfer to reserve	81,265	1,774,056	63,843
Amount used / transfer from reserve	<u>(673,306)</u>	<u>(1,192,000)</u>	<u>0</u>
	<u>1,856,646</u>	<u>2,602,973</u>	<u>2,448,687</u>
<b>(f) Workers Compensation Reserve</b>			
Opening balance	644,269	647,993	627,977
Amount set aside / transfer to reserve	23,908	23,328	16,292
Amount used / transfer from reserve	<u>(180,371)</u>	<u>0</u>	<u>0</u>
	<u>487,806</u>	<u>671,321</u>	<u>644,269</u>
<b>(g) Waste Management Reserve</b>			
Opening balance	18,552,708	19,100,332	17,323,878
Amount set aside / transfer to reserve	1,271,224	6,144,849	1,228,830
Amount used / transfer from reserve	<u>(1,331,989)</u>	<u>(6,110,466)</u>	<u>0</u>
	<u>18,491,943</u>	<u>19,134,715</u>	<u>18,552,708</u>
<b>(h) Infrastructure Reserve</b>			
Opening balance	18,132,785	14,696,573	2,880,775
Amount set aside / transfer to reserve	11,412,165	7,343,491	17,593,647
Amount used / transfer from reserve	<u>(2,443,791)</u>	<u>(4,836,588)</u>	<u>(2,341,637)</u>
	<u>27,101,159</u>	<u>17,203,476</u>	<u>18,132,785</u>
<b>(i) Housing Reserve</b>			
Opening balance	0	0	0
Amount set aside / transfer to reserve	315,000	0	0
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>315,000</u>	<u>0</u>	<u>0</u>

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	2015 \$	2015 Budget \$	2014 \$
<b>10. RESERVES - CASH BACKED (CONTINUED)</b>			
<b>(j) Aged Persons Unit Reserve</b>			
Opening balance	73,651	74,077	71,756
Amount set aside / transfer to reserve	2,733	2,664	1,895
Amount used / transfer from reserve	0	0	0
	<u>76,384</u>	<u>76,741</u>	<u>73,651</u>
<b>(k) Junior Sport Reserve</b>			
Opening balance	0	1,800	93,363
Amount set aside / transfer to reserve	0	60	2,260
Amount used / transfer from reserve	0	(1,800)	(95,623)
	<u>0</u>	<u>60</u>	<u>0</u>
<b>(l) Public Open Space Reserve</b>			
Opening balance	730	698	0
Amount set aside / transfer to reserve	0	0	730
Amount used / transfer from reserve	(730)	0	0
	<u>0</u>	<u>698</u>	<u>730</u>
<b>(m) History &amp; Cultural Publications Reserve</b>			
Opening balance	55,919	56,244	54,498
Amount set aside / transfer to reserve	0	2,028	1,421
Amount used / transfer from reserve	(55,919)	(56,244)	0
	<u>0</u>	<u>2,028</u>	<u>55,919</u>
<b>(n) Mosquito Control Reserve</b>			
Opening balance	5,462	4,939	4,792
Amount set aside / transfer to reserve	772	180	670
Amount used / transfer from reserve	0	0	0
	<u>6,234</u>	<u>5,119</u>	<u>5,462</u>
<b>(o) Medical Services Assistance Package Reserve</b>			
Opening balance	265,803	234,005	259,026
Amount set aside / transfer to reserve	9,863	8,424	6,777
Amount used / transfer from reserve	0	(56,000)	0
	<u>275,666</u>	<u>186,429</u>	<u>265,803</u>
<b>(p) Royalties for Regions Reserve</b>			
Opening balance	0	0	630
Amount set aside / transfer to reserve	0	0	0
Amount used / transfer from reserve	0	0	(630)
	<u>0</u>	<u>0</u>	<u>0</u>
<b>(q) Community Development Reserve</b>			
Opening balance	1,149,692	900,251	871,775
Amount set aside / transfer to reserve	314,365	563,912	1,975,739
Amount used / transfer from reserve	(914,608)	(531,500)	(1,697,822)
	<u>549,449</u>	<u>932,663</u>	<u>1,149,692</u>

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	2015 \$	2015 Budget \$	2014 \$
<b>10. RESERVES - CASH BACKED (CONTINUED)</b>			
<b>(r) Carry Forward Budget Reserve</b>			
Opening balance	0	0	1,787,346
Amount set aside / transfer to reserve	4,223,638	0	0
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>(1,787,346)</u>
	<u>4,223,638</u>	<u>0</u>	<u>0</u>
<b>(s) Restricted Funds Reserve</b>			
Opening balance	275,982	183,040	1,053,156
Amount set aside / transfer to reserve	0	0	92,942
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>(870,116)</u>
	<u>275,982</u>	<u>183,040</u>	<u>275,982</u>
<b>(t) Partnership Reserve</b>			
Opening balance	4,249,414	4,409,765	0
Amount set aside / transfer to reserve	16,594,259	158,748	4,249,414
Amount used / transfer from reserve	<u>(8,911,615)</u>	<u>(3,005,329)</u>	<u>0</u>
	<u>11,932,058</u>	<u>1,563,184</u>	<u>4,249,414</u>
<b>(u) Pilbara Underground Power Reserve</b>			
Opening balance	0	0	0
Amount set aside / transfer to reserve	19,122,119	18,665,280	0
Amount used / transfer from reserve	<u>(9,143,851)</u>	<u>0</u>	<u>0</u>
	<u>9,978,268</u>	<u>18,665,280</u>	<u>0</u>
<b>TOTAL RESERVES</b>	<u><u>84,089,305</u></u>	<u><u>74,165,826</u></u>	<u><u>62,904,777</u></u>
Total Opening balance	62,904,777	63,981,756	42,684,508
Total Amount set aside / transfer to reserve	55,640,657	35,466,456	27,040,869
Total Amount used / transfer from reserve	<u>(34,456,129)</u>	<u>(25,282,386)</u>	<u>(6,820,600)</u>
<b>TOTAL RESERVES</b>	<u><u>84,089,305</u></u>	<u><u>74,165,826</u></u>	<u><u>62,904,777</u></u>

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**10. Amount used / transfer from reserve (CONTINUED)**

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

**(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) 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.

**(c) Dampier Drainage Reserve**

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.

**(d) Walkington Theatre Reserve**

The purpose of this reserve is to fund the operation and capital works of the Walkington Theatre.

**(e) Plant Replacement Reserve**

The purposes of this reserve is to fund the capital purchase of plant and equipment.

**(f) Workers Compensation Reserve**

The purpose of this reserve is 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.

**(g) Waste Management Reserve**

The purpose of this reserve is to fund development, operation and maintenance of the Council's Waste Management facilities inclusive of repayments of borrowings and the funding of employee entitlements.

**(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 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.

**(i) Housing Reserve**

The purpose of this reserve is to fund the maintenance, refurbishment, replacement and construction of staff housing inclusive of the purchase. This reserve is funded by annual allocations from the Municipal Fund and from sale of Staff Housing.

**(j) Aged Persons Unit Reserve**

The purposes of this reserve is to assist in the transfer of Seniors from the current senior's village on Welcome Road to the new village provisioned by the State Government. As this project has been finalised, the remainder of these funds will be transferred to municipal funds in the 2015/16 year.

**CITY OF KARRATHA**  
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**10. Amount used / transfer from reserve (CONTINUED)**

**(k) Junior Sport Reserve**

The purpose of this Reserve is to fund the development of junior sport within the City of Karratha including infrastructure.

This Reserve was budgeted to be closed in the 2014/15 Financial Year.

**(l) Public Open Space Reserve**

The purpose of this Reserve is to fund future developments of public open spaces funded by proceeds from the undertaking of Land Transactions and Community Contributions received for the purpose of Public Open Space.

This Reserve was budgeted to be closed in the 2014/15 Financial Year.

**(m) History & Cultural Publications Reserve**

The purpose of this Reserve is to fund future history and cultural publications. The income is generated from the sale of these publications.

This Reserve was budgeted to be closed in the 2014/15 Financial Year.

**(n) Mosquito Control Reserve**

The purpose of this Reserve is to fund mosquito control programmes inclusive of the purchase of replacement equipment as required.

**(o) Medical Services Assistance Package Reserve**

The purpose of this Reserve is 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.

**(p) Royalties for Regions Reserve**

The purpose of this reserve is to hold unexpended grant revenues, and associated interest, from the State Government's Royalties for Regions programme.

**(q) 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.

**(r) Carry Forward Budget Reserve**

This reserve is for the purpose of preserving projects funds carried over.

**(s) 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.

**(t) Heavy Haulage Reserve**

This reserve is for the purpose of funding the maintenance of Heavy Haulage Roads

Please note that not funds have been received to date.

**(t) Partnership Reserve**

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 agreement.

**(u) Pilbara Underground Power Reserve**

The purpose of this reserve is to secure the unspent portions pertaining to the City of Karratha's share of costs in relation to the Pilbara Underground Power Project.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

<b>11. REVALUATION SURPLUS</b>	<b>2015</b>	<b>2014</b>
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
<b>(a) Land and buildings</b>		
Opening balance	48,927,908	15,910,120
Revaluation increment	(2)	34,843,598
Disposal of Revalued Assets	(726,866)	(1,825,810)
Impairment of Revalued Assets	(11,083,247)	0
Rounding	1	0
	<u>37,117,794</u>	<u>48,927,908</u>
<b>(b) Infrastructure</b>		
Opening balance	136,395	0
Revaluation increment	355,707,232	136,395
Disposal Of Revalued Assets	(136,395)	0
	<u>355,707,232</u>	<u>136,395</u>
<b>(c) Other Infrastructure</b>		
Opening balance	200	0
Revaluation increment	0	200
Revaluation decrement	0	0
	<u>200</u>	<u>200</u>
<b>TOTAL ASSET REVALUATION SURPLUS</b>	<u><u>392,825,226</u></u>	<u><u>49,064,503</u></u>

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**12. 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:

	2015 \$	2015 Budget \$	2014 \$
Cash and cash equivalents	<u>85,384,687</u>	<u>75,335,826</u>	<u>62,930,475</u>

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

Net result	108,665,489	38,283,041	33,382,052
Non-cash flows in Net result:			
Depreciation	12,711,351	11,202,287	9,858,361
(Profit)/Loss on sale of asset	562,508	581,589	2,078,702
Loss on revaluation of fixed assets	11,375,117	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(15,216,541)	(2,000,000)	(2,175,020)
(Increase)/Decrease in inventories	(86,297)	0	47,372
Increase/(Decrease) in payables	5,764,854	(1,207,876)	1,139,744
Increase/(Decrease) in provisions	(263,677)	514,116	138,370
Grants contributions for the development of assets	(11,508,482)	(6,682,101)	(16,392,796)
Net cash from operating activities	<u>112,004,322</u>	<u>40,691,056</u>	<u>28,076,785</u>

	2015 \$	2014 \$
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	1,000,000	1,000,000
Bank overdraft at balance date	0	0
Credit card limit	185,000	200,000
Credit card balance at balance date	(57,456)	(60,625)
<b>Total amount of credit unused</b>	<u>1,127,544</u>	<u>1,139,375</u>
<b>Loan facilities</b>		
Loan facilities - current	0	0
Loan facilities - non-current	0	0
<b>Total facilities in use at balance date</b>	<u>0</u>	<u>0</u>
<b>Unused loan facilities at balance date</b>	<u>NIL</u>	<u>NIL</u>

**CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**13. CONTINGENT LIABILITIES**

In late June, Council received notification of mediation between the property owners of a property rated as Transient Workforce Accommodation and the Valuer General. At the time of production of this document, the financial impact of this mediation remained yet to be determined.

As part of the Pilbara Underground Power Project, Council entered into a funding agreement with Horizon Power for the purpose of managing and implementing the program. The funding agreement was for the lesser of 25% of the total expended amount and \$34,550,000, with associated expenses to be recognised as incurred. At the time of production of this document the project was ongoing and therefore the final amount is unable to be determined.

<b>14. CAPITAL AND LEASING COMMITMENTS</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but		
Payable:		
- not later than one year	231,823	130,400
- later than one year but not later than five years	0	1,057,530
- later than five years	0	0
	<u>231,823</u>	<u>1,187,930</u>
<b>(b) Capital Expenditure Commitments</b>		
Karratha Arts & Community Precinct	1,613,917	342,265
Karratha Leisureplex	0	5,000
Karratha/Wickham/Roebourne SES	0	311,178
Karratha Youth Shed	0	8,084
Karratha Water Infrastructure Upgrade	0	115,130
Effluent Systems Upgrade	7,603,765	72,538
Dampier Community Hub	11,036,338	212,366
Karratha Airport Terminal	3,647,251	26,111,903
Road Reseals & Upgrades	2,358,003	0
Wickham Community Hub	883,362	0
Plant Purchases	759,190	0
7 Mile Building Improvements	0	95,239
Skate park Program	302,815	20,000
Roebourne Skate Park	0	91,673
Various Outstanding Purchase Orders	696,296	0
	<u>28,900,937</u>	<u>27,385,376</u>

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**15. JOINT VENTURE ARRANGEMENTS**

The City is not involved in any joint venture arrangements.

**16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Governance	100,613,591	559
General purpose funding	10,613,209	10,613,209
Law, order, public safety	1,146,634	1,621,457
Health	983,170	983,170
Education and welfare	2,593,500	2,593,500
Housing	43,230,327	42,849,568
Community amenities	38,004,311	10,944,176
Recreation and culture	139,152,141	129,817,772
Transport	432,581,524	100,703,177
Economic services	494,340	448,224
Other property and services	9,479,226	8,703,037
Unallocated	64,505,890	75,327,449
	<u>843,397,863</u>	<u>384,605,298</u>

**17. FINANCIAL RATIOS**

	<b>2015</b>	<b>2014</b>	<b>2013</b>
Current ratio	1.45	1.09	1.01
Asset sustainability ratio	0.71	1.22	1.79
Debt service cover ratio	N/A*	401.28	1.94
Operating surplus ratio	0.82	0.20	0.26
Own source revenue coverage ratio	1.19	1.10	1.12

\* Due to Council having nil debt, the debt service cover ratio is not applicable

The above ratios are calculated as follows:

Current ratio 
$$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$$

Asset sustainability ratio 
$$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$$

Debt service cover ratio 
$$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$$

Operating surplus ratio 
$$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$$

Own source revenue coverage ratio 
$$\frac{\text{own source operating revenue}}{\text{operating expenses}}$$

**Notes:**

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 59 of this document.

**CITY OF KARRATHA**  
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**18. TRUST FUNDS**

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

	Balance 1 July 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
Building/Kerb Deposits	7,450	0	0	7,450
Hall Hire Bonds	11,555	3,501	(4,001)	11,055
Verge Bonds	431,000	169,050	(143,000)	457,050
Retention Funds	21,860	0	0	21,860
Staff Housing Bonds	1,392	4,647	(6,039)	0
Staff Airport Parking Cards	650	1,450	0	2,100
Staff Travel Allowances	68,893	37,480	(38,789)	67,584
Other Deposits				
Bonds & Guarantees	2,536,859	74,373	(418,658)	2,192,574
Airport ASIC Cards	3,550	1,300	(250)	4,600
Bonds & Guarantees (old)	2,520	0	0	2,520
Kerb Deposits (old)	2,800	0	0	2,800
Stale Cheques	3,915	0	0	3,915
ATM Monies	820	0	0	820
Unclaimed Wages	37	0	0	37
NADC Research Funds	805	0	0	805
	<u>3,094,106</u>			<u>2,775,170</u>

**19. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Artwork</b>						
Governance						
30000041 Artwork/Sculpture	563	0	0	0	(563)	0
80000003 Reproduction Photo	111	0	0	0	(111)	0
80000004 Reproduction Photo	111	0	0	0	(111)	0
80000005 Reproduction Photo	296	0	0	0	(296)	0
80000006 Reproduction Photo	296	0	0	0	(296)	0
80000007 Reproduction Photo	296	0	0	0	(296)	0
80000008 Reproduction Photo	296	0	0	0	(296)	0
80000009 Reproduction Photo	296	0	0	0	(296)	0
80000010 Reproduction Photo	296	0	0	0	(296)	0
80000011 Reproduction Photo	296	0	0	0	(296)	0
80000012 Reproduction Photo	445	0	0	0	(445)	0
80000023 Artwork/Sculpture	2,960	0	0	0	(2,960)	0
80000025 Artwork/Sculpture	89	0	0	0	(89)	0
80000026 Artwork/Sculpture	185	0	0	0	(185)	0
80000027 Reproduction Photo	296	0	0	0	(296)	0
80000028 Reproduction Photo	296	0	0	0	(296)	0

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**19. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR (Continued)**

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
80000029 Reproduction Photo	296	0	0	0	(296)	0
80000030 Reproduction Photo	296	0	0	0	(296)	0
80000031 Reproduction Photo	296	0	0	0	(296)	0
80000032 Reproduction Photo	296	0	0	0	(296)	0
80000033 Reproduction Photo	296	0	0	0	(296)	0
80000034 Reproduction Photo	296	0	0	0	(296)	0
80000035 Reproduction Photo	296	0	0	0	(296)	0
80000036 Reproduction Photo	185	0	0	0	(185)	0
80000037 Reproduction Photo	185	0	0	0	(185)	0
80000038 Reproduction Object	3,700	0	0	0	(3,700)	0
80000043 Artwork/Sculpture	994	0	0	0	(994)	0
80000054 Artwork/Sculpture	282	0	0	0	(282)	0
<b>Recreation and culture</b>						
80000039 Didactic boards	667	0	0	0	(667)	0
80000040 Didactic boards	1,184	0	0	0	(1,184)	0
<b>Transport</b>						
80000041 Aboriginal Artefacts	3,246	0	0	0	(3,246)	0
80000060 Artwork/Sculpture	536	0	0	0	(536)	0
80000061 Artwork/Sculpture	1,283	0	0	0	(1,283)	0
<b>Land</b>						
<b>Housing</b>						
212 Richardson Way	450,000	0	238,938		(211,062)	0
<b>Buildings</b>						
<b>Housing</b>						
212 Richardson Way	143,398	0	76,062	0	(67,336)	0
8 McRae Court (Partial)	0	0	0	0	0	0
54 Sholl Street (Partial)	0	0	0	0	0	0
5A Leonard Way (Partial)	7,441	0	0	0	(7,441)	0
7A Leonard Way (Partial)	7,164	0	0	0	(7,164)	0
7B Leonard Way (Partial)	0	0	0	0	0	0
7B Peterson Court (Partial)	739	0	0	0	(739)	0
<b>Community amenities</b>						
Weigbridge Office	11,545	0	2,431	0	(9,114)	0
Weigbridge	0	0	7,294	0	7,294	0
<b>Other property and services</b>						
Roebourne Depot Workshop	23,946	0	0	0	(23,946)	0
Roebourne Depot Office	958	0	0	0	(958)	0
<b>Equipment</b>						
<b>Recreation and culture</b>						
20000526 (P7503)	0	0	2,610	0	2,610	0
20000561 (P7002)	0	0	3,240	0	3,240	0

**CITY OF KARRATHA**  
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**19. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR (Continued)**

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Furniture</b>						
Recreation and culture						
30000716 Treadmill	0	0	500	0	500	0
30000202 Gym Equipment	0	0	200	0	200	0
30001390 Thermal Printer	125	0	0	0	(125)	0
30001389 Thermal Printer	125	0	0	0	(125)	0
30000122 Gym Equipment	0	0	100	0	100	0
30000247 Bench	0	0	30	0	30	0
30001413 Dishwasher	1,318	0	0	0	(1,318)	0
56391612 Fan	0	0	4	0	4	0
56392602 Pin Board	0	0	8	0	8	0
Transport						
30001363 Freezer	6,268	0	3,072	0	(3,196)	0
30001496 TV	987	0	0	0	(987)	0
30001502 Chiller	3,871	0	660	0	(3,211)	0
30000881 Umbrellas	3,716	0	0	0	(3,716)	0
30001501 Oven	2,092	0	1,042	0	(1,050)	0
30001572 Dishwasher	3,999	0	1,927	0	(2,072)	0
30001340 Glass Washer	1,276	0	0	0	(1,276)	0
<b>Plant and Equipment</b>						
Governance						
20000616 (P4024)	0	0	248	0	248	0
40000329 (P1001)	15,406	13,408	19,238	11,500	3,832	(1,908)
40000327 (P1003)	0	26,724	0	25,000	0	(1,724)
Law, order, public safety						
40000394 (P1008)	16,012	16,019	17,338	11,500	1,326	(4,519)
40000395 (P1017)	0	20,723	0	11,500	0	(9,223)
40000187 (P294)	41,235	0	0	0	(41,235)	0
40000502 (P502)	8,355	0	0	0	(8,355)	0
	0		0		0	0
Health						
40000323 (P105)	16,058	10,311	16,625	11,500	567	1,189
	0	0	0	0	0	0
Community amenities						
40000332 (P2003)	0	14,760	0	11,500	0	(3,260)
40000339 (P8802)	0	130,819	0	45,000	0	(85,819)
40000334 (P8000)	0	116,577	0	70,000	0	(46,577)
40000404 (P8811)	0	181,632	0	105,000	0	(76,632)
40000336 (P8002)	273,374	311,566	200,000	150,000	(73,374)	(161,566)
40000333 (P2004)	0	13,023	0	11,500	0	(1,523)
40000330 (P1004)	22,505	26,765	30,364	25,000	7,859	(1,765)
Recreation and culture						
40000307 (P050)	13,359	8,160	9,738	11,000	(3,621)	2,840
20000526 (P7503)	0	0	0	750	0	750
40000344 (P2000)	0	10,729	0	10,000	0	(729)
40000345 (P2001)	13,002	13,107	11,875	10,000	(1,127)	(3,107)

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**19. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR (Continued)**

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Recreation and culture						
40000346 (P2009)	0	11,691	0	10,000	0	(1,691)
40000347 (P2010)	0	14,366	0	11,500	0	(2,866)
20000561 (P7002)	0	0	0	3,500	0	3,500
40000353 (P7501)	8,771	4,767	7,838	5,000	(933)	233
Transport						
40000418 (P8009)	0	182,694	0	30,000	0	(152,694)
40000370 (P8805)	0	24,437	0	17,000	0	(7,437)
40000361 (P8807)	0	33,735	0	40,000	0	6,265
40000171 (P897)	41,961	23,910	37,375	25,000	(4,586)	1,090
40000326 (P1002)	24,588	25,364	28,738	25,000	4,150	(364)
40000372 (P2012)	9,614	7,439	7,790	5,600	(1,824)	(1,839)
40000128 (P952)	1,446	0	713	0	(733)	0
40000364 (P8006)	79,035	0	16,409	0	(62,626)	0
40000408 (P8812)	104,519	0	141,698	0	37,179	0
40000328 (P2008)	22,530	0	30,875	0	8,345	0
27500036 Power Supply	0	0	9,091	0	9,091	0
Economic services						
40000379 (P1007)	0	12,556	0	9,000	0	(3,556)
	0	0	0	0	0	0
Other property and services						
40000378 (P1006)	10,504	12,398	7,082	9,000	(3,422)	(3,398)
40000349 (P2002)	0	13,326	0	11,500	0	(1,826)
40000374 (P2006)	0	13,499	0	9,500	0	(3,999)
40000367 (P2005)	0	14,225	0	11,500	0	(2,725)
40000375 (P2007)	0	15,753	0	11,500	0	(4,253)
40000327 (P2008)	22,486	25,771	27,075	25,000	4,589	(771)
40000455 (P2025)	0	21,185	0	9,500	0	(11,685)
<b>Infrastructure</b>						
Recreation and culture						
Various Culverts	22,763	0	0	0	(22,763)	0
Transport						
Various Bridges	62,783	0	0	0	(62,783)	0
	<b>1,520,736</b>	<b>1,371,439</b>	<b>958,228</b>	<b>789,850</b>	<b>(562,508)</b>	<b>(581,589)</b>

Profit	91,172	15,867
Loss	(653,680)	(597,456)
	<u>(562,508)</u>	<u>(581,589)</u>

**CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**20. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>General purpose funding</b>								
Pilbara Underground Power	0	0	0	354,625	0	2,645,375	0	47,700
<b>Transport</b>								
Karratha Airport Terminal	0	0	0	0	0	5,000,000	0	0
	0	0	0	354,625	0	7,645,375	0	47,700

(\*) Self supporting loan financed by payments from third parties.  
All other loan repayments were financed by general purpose revenue.

**CITY OF KARRATHA**  
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**20. INFORMATION ON BORROWINGS (Continued)**

(b) New Debentures - 2014/15

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used		Balance Unspent
	Actual \$	Budget \$						Actual \$	Budget \$	
Pilbara Underground Power	0	3,000,000				0		0	3,000,000	0
Karratha Airport Terminal	0	5,000,000				0		0	5,000,000	0
	0	8,000,000				0		0	8,000,000	0

(c) Unspent Debentures

The City did not have any unspent debentures as at 30 June 2015.

(d) Overdraft

Council established an overdraft facility of \$1,000,000 with Westpac Banking Corporation to assist with short term liquidity requirements. The balance of the bank overdraft at 30 June 2015 was \$0 (2014 was \$0). The facility was renewed for 12 months.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**21. RATING INFORMATION - 2014/15 FINANCIAL YEAR**

**(a) Rates**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Back Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>Differential General Rate</b>											
GRV Residential	0.028832	6,457	488,761,411	14,091,969	208,181	18,002	14,318,152	14,111,170	450,000	28,800	14,589,970
GRV Commercial/Tourism/Town Centre/Industry/Mixed Business	0.057664	724	111,368,254	6,421,939	8,942	(11,967)	6,418,914	6,054,416	150,000	9,600	6,214,016
GRV Airport/Workforce Accommodation/Strategic Industry	0.100911	16	11,745,172	1,185,217	0	0	1,185,217	1,185,217	0	0	1,185,217
GRV Transient Workforce Accommodation	0.115328	24	68,872,772	7,942,959	(68,442)	9,745	7,884,262	8,210,401	0	0	8,210,401
Interim Rates			0	0	0	0	0	0	0	0	0
Back Rates			0	0	0	0	0	0	0	0	0
<b>Unimproved Value Valuations</b>											
UV Pastoral	0.065918	11	4,089,600	269,578	(78)	(939)	268,561	269,578	0	0	269,578
UV General Unimproved (Mining & Other)	0.131836	190	7,965,461	1,050,135	44,928	9,465	1,104,528	859,440	0	0	859,440
UV General Unimproved (UV Strategic Industry)	0.164795	28	25,473,380	4,197,886	1,104,127	76,598	5,378,611	5,306,379	0	0	5,306,379
Interim Rates			0	0	0	0	0	0	150,000	0	150,000
Back Rates			0	0	0	0	0	0	0	9,600	9,600
<b>Sub-Totals</b>		<b>7,450</b>	<b>718,276,050</b>	<b>35,159,683</b>	<b>1,297,658</b>	<b>100,904</b>	<b>36,558,245</b>	<b>35,996,601</b>	<b>750,000</b>	<b>48,000</b>	<b>36,794,601</b>
<b>Minimum payment</b>	<b>Minimum \$</b>										
<b>Gross rental value valuations</b>											
<b>Minimum Payment</b>											
GRV Residential	1,400	1,931	0	2,703,400	0	0	2,703,400	2,692,200	0	0	2,692,200
GRV Commercial/Tourism/Town Centre/Industry/Mixed Business	1,400	329	0	460,600	0	0	460,600	469,000	0	0	469,000
GRV Airport/Workforce Accommodation/Strategic Industry	1,400	1	0	1,400	0	0	1,400	1,400	0	0	1,400
GRV Transient Workforce Accommodation	1,400	0	0	0	0	0	0	0	0	0	0
Interim Rates			0	0	0	0	0	0	0	0	0
<b>Unimproved value valuations</b>											
UV Pastoral	312	0	0	0	0	0	0	0	0	0	0
UV General Unimproved (Mining & Other)	312	189	0	58,968	0	0	58,968	58,968	0	0	58,968
UV General Unimproved (UV Strategic Industry)	1,400	19	0	26,600	0	0	26,600	26,600	0	0	26,600
Interim Rates			0	0	0	0	0	0	0	0	0
Back Rates			0	0	0	0	0	0	0	0	0
<b>Sub-Totals</b>		<b>2,469</b>	<b>0</b>	<b>3,250,968</b>	<b>0</b>	<b>0</b>	<b>3,250,968</b>	<b>3,248,168</b>	<b>0</b>	<b>0</b>	<b>3,248,168</b>
Ex-gratia rates							39,809,213				40,042,769
Discounts/concessions (refer note 24)							330,000				567,500
							(25,650)				(30,097)
<b>Total amount raised from general rate</b>							<b>40,113,563</b>				<b>40,580,172</b>
Specified Area Rate (refer note 22)							0				0
<b>Totals</b>							<b>40,113,563</b>				<b>40,580,172</b>

**CITY OF KARRATHA**  
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**21. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)**

**(b) Information on Surplus/(Deficit) Brought Forward**

	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 14 brought forward</b>	<u>63,450</u>	<u>1,617,633</u>	<u>1,617,633</u>
<b><u>Comprises:</u></b>			
Cash and cash equivalents			
Unrestricted	1,268,559	20,780	20,780
Restricted - Municipal (Unspent Grants/Contributions)	26,823	4,918	4,918
Restricted - Reserves	84,089,305	62,904,777	62,904,777
Receivables			
Rates Outstanding	2,100,461	2,597,895	2,597,895
Sundry Debtors	24,826,056	8,897,526	8,897,526
GST receivable	231,704	446,259	446,259
Loans - clubs/institutions	243,423	3,143	3,143
Inventories			
Fuel and materials	488,186	401,889	401,889
Land held for resale - cost			
Cost of acquisition	524,251	0	0
<b><u>Less:</u></b>			
Trade and other payables			
Sundry creditors	(8,882,020)	(8,831,597)	(8,831,597)
Other Liabilities	(46,155)	17,008	17,008
Retention Monies	(248,402)	(261,915)	(261,915)
Accrued Expenses	(395,315)	23,038	23,038
Accrued interest on debentures	0	0	0
Accrued salaries and wages	(1,078,772)	(849,399)	(849,399)
ATO liabilities	77	(33)	(33)
Income Received in Advance	(5,668,528)	(777,896)	(777,896)
Net Trust Liabilities	(139,098)	(9,793)	(9,793)
Provisions			
Provision for annual leave	(2,630,314)	(2,358,354)	(2,358,354)
Provision for long service leave	(1,119,829)	(1,032,405)	(1,032,405)
<b>Net current assets</b>	<u><b>93,590,412</b></u>	<u><b>61,195,841</b></u>	<u><b>61,195,841</b></u>
<b><u>Less:</u></b>			
Reserves - restricted cash	(84,089,305)	(62,904,777)	(62,904,777)
Land held for resale - cost			
Cost of acquisition	(524,251)	0	0
Loans - Clubs/Institutions	(243,423)	(3,143)	(3,143)
Movement in Accruals	229,373	485,034	485,034
Cash - Restricted Unspent Grants	26,823	4,918	4,918
Gifted Assets		0	0
<b><u>Add:</u></b>			
Cash Backed employee provisions	3,281,981	2,302,189	2,302,189
Current Provisions funded through salaries budget	0	537,571	537,571
<b>Restricted Surplus/(deficit)</b>	12,208,160	0	0
<b>Unrestricted Surplus/(deficit)</b>	<u><b>63,450</b></u>	<u><b>1,617,633</b></u>	<u><b>1,617,633</b></u>

**Difference**

There was no difference between the surplus/(deficit) 1 July 2014 brought forward position used in the 2015 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2014 audited financial report.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**22. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR**

The City did not impose any Specified Area Rates.

**23. SERVICE CHARGES - 2014/15 FINANCIAL YEAR**

	Amount of Charge \$	Revenue Raised \$	Budget Revenue \$	Applied to Service Costs \$	Budget Applied to Costs \$
High Voltage Service Charge (per kVa)	48.26	7,607,584	7,945,489	2,162,000	4,600,000
Low Voltage Service Charge (per kVa)	196.38	18,962,058	21,625,549	5,884,400	12,520,000
Connection Charge (per connection)	1,022.17	3,739,097	4,974,567	1,353,600	2,880,000
		30,308,739	34,545,605	9,400,000	20,000,000

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

The proceeds of the service charge were to be applied in full to the costs of implementation over the life of the project. Service charges paid prior to the end of the 2014/15 financial year were to be transferred to the Pilbara Underground Power Reserve to fund expenditure over the remaining years of the project.

Service charge amounts remaining unpaid at the end of the 2014/15 financial year are unable to be transferred to the Pilbara Underground Power Reserve and therefore represent a restricted surplus amount.

An instalment interest rate of 5.5% was incurred where property owners elect to make payment via the instalment options provided of up to four years. Penalty Interest of 11% is incurred on overdue service charges.

At a Special Council Meeting held on the 24 September 2014, Council resolved (Resolution No. 152961) to reduce the interest rate for payment of service charges by instalments from 5.5% to 4.5%. Council also resolved to offer non-residential properties (excluding those owned by Government organisations) with a power capacity of greater than 10 kVA and less than 200 kVA the option of payment by 40 instalments over ten years rather than 16 instalments over four years.

As part of the Project, Council entered into a funding agreement with Horizon Power for the purpose of managing and implementing the program. This funding agreement is included as a contingent liability in Note 13 of this document.

**24. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**  
**- 2014/15 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Cossack Rate Concession	Concession	N/A	25,650	30,097
			0	0
			0	0
			25,650	30,097

No discount on rates were granted to rate payers in the 2014/15 financial year.

The above concessions & rates write-offs were granted to rate payers in the 2014/15 financial year as per Council Resolution 152891.

Rate payers who paid their rates and rubbish collection charges in full by the due date (35 days from date of issue) were eligible for the rates incentive scheme as outlined in our 2014/15 Budget Note 12.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**25. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR**

	<b>Interest Rate %</b>	<b>Admin. Charge \$</b>	<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Rates Instalment Charges		\$10.00	0	120,000
Rates Instalment Interest	4.50%		186,398	30,000
Rates Penalty Interest	11.00%		418,030	0
PUPP Instalment Charges		\$10.00	56,250	0
PUPP Instalment Interest	5.50%		22,346	0
PUPP Penalty Interest	11.00%		360,324	0
Sundry Debtors Penalty Interest	11.00%		117,628	162,000
			<u>1,160,976</u>	<u>312,000</u>

<b>26. FEES &amp; CHARGES</b>	<b>2015 \$</b>	<b>2014 \$</b>
Governance	115,135	122,343
General purpose funding	100,628	211,262
Law, order, public safety	88,857	89,260
Health	122,660	120,247
Education and welfare	58,900	58,900
Housing	301,569	246,833
Community amenities	9,927,202	13,039,161
Recreation and culture	4,217,471	4,268,018
Transport	28,698,793	27,683,609
Economic services	459,935	725,740
Other property and services	52,742	597,548
	<u>44,143,892</u>	<u>47,162,921</u>

During the financial year ended 30th June 2015, Council resolved (Res No: 153023) to amend the 2014/15 Adopted Fees and charges for the following Waste Services Fees and Charges:

	<b>Effective July 2014</b>	<b>Effective January 2015</b>
Commercial and Industrial General Waste (Per tonne, Minimum charge one tonne)	\$79.00 (GST incl)	\$90.00 (GST incl)
Commercial Biological Liquid Waste - Septage etc. (Per tonne, Minimum charge one tonne)	\$86.00 (GST incl)	\$66.00 (GST incl)

During the financial year ended 30th June 2015, Council also resolved (Res No: 152896) to impose a new fee for the "K" local authority plates with effect from 1 August 2014 whereby \$80 is to be set aside to fund a cenotaph at the new Arts and Community Precinct.

	<b>Effective July 2014</b>	<b>Effective August 2015</b>
Contribution to War Memorial	NIL	\$80.00

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**27. GRANT REVENUE**

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

	<b>2015</b>	<b>2014</b>
<b>By Nature or Type:</b>	<b>\$</b>	<b>\$</b>
Operating grants, subsidies and contributions	18,473,358	7,410,418
Non-operating grants, subsidies and contributions	68,416,278	16,392,796
	<u>86,889,636</u>	<u>23,803,214</u>
<b>By Program:</b>		
Governance	35,980	15,760
General purpose funding	4,313,824	1,239,562
Law, order, public safety	2,507,317	1,131,023
Health	107,722	69,946
Education and welfare	0	93,182
Community amenities	3,757,317	480,202
Recreation and culture	17,278,831	18,946,384
Transport	58,856,999	1,801,737
Economic services	31,646	25,418
	<u>86,889,636</u>	<u>23,803,214</u>

**28. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>283</u>	<u>260</u>
------------	------------

**29. ELECTED MEMBERS REMUNERATION**

The following fees, expenses and allowances were paid to council members and/or the Mayor.

	<b>2015</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Mayor at \$45,000 per year	45,000	45,000	45,195
Deputy Mayor at \$30,000 per year	30,000	30,000	28,404
9 Councillors at \$30,000 per year	256,973	270,000	260,707
<b>Local Government Allowance</b>			
Mayor at \$85,000 per year	85,000	85,000	85,194
Deputy Mayor at \$21,250 per year (25% of President's Allowance)	21,250	21,250	21,226
<b>ICT Allowance</b>			
10 Councillors at \$3,500 per year	36,381	37,500	36,927
<b>Other Expenses</b>			
Childcare (actual costs or \$20/hour whichever is lower)	0	0	0
Travelling expenses (as per Local Govt Officers Award)	0	30,000	14,271
Training Expenses (11 Councillors at \$5,000 per year)	11,236	55,000	0
Councillors receive a Professional Development Allowance of \$5,500 which covers costs associated with Conferences	11,724	60,500	21,612
President's Discretionary Fund (Council Related Expenses)	1,722	4,000	2,366
	<u>499,286</u>	<u>638,250</u>	<u>515,902</u>

**CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**30. MAJOR LAND TRANSACTIONS**

**Karratha LazyLands**

(a) Details

Council commenced in 2013/14 the development phase of a Major Land Transaction associated with the Lazy Lands initiative for future residential infill development within the Karratha townsite.

Five (5) Lots are under consideration being:

<b>Site</b>	<b>Legal and general land description</b>	<b>Reserve Status</b>	<b>Lot Area</b>
<b>1</b>	Lot 602 on Deposited Plan 70632 and wholly contained within Certificate of Crown Land Volume LR3161, Folio 550 Lot 602 Pelusey Way, Nickol	Parklands & Drainage	913m2
<b>2</b>	Lot 611 on Deposited Plan 70632 and wholly contained within Certificate of Crown Land Volume LR3161, Folio 551 Lot 611 Mayo Court, Nickol	Parklands & Drainage	2,389m2
<b>3</b>	Lot 612 on Deposited Plan 70632 and wholly contained within Certificate of Crown Land Volume LR3161 Lot 612 Boyd Close, Nickol	Parklands & Drainage	767m2
<b>5</b>	Lot 683 on Deposited Plan 71342 and wholly contained within Certificate of Crown Land Volume LR3161, Folio 575 683 Gregory Way, Bulgarra	Parkland, Recreation, Drainage & Public Infrastructure	1.4ha
<b>7</b>	Lot 651 on Deposited Plan 71341 and wholly contained within Certificate of Crown Land Volume LR3161 L651 Hancock Way, Bulgarra	Parkland, Recreation, Drainage & Public Infrastructure	1.11ha

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**30. MAJOR LAND TRANSACTIONS (Continued)**

(b) Current year transactions	2015 \$	2015 Budget \$	2014 \$
<b>Operating income</b>			
- Profit on sale	0	0	0
- Funding from 3rd Parties	0	0	0
<b>Capital income</b>			
- Sale proceeds	0	0	0
- Transfer from Reserve	561,590	199,287	193,651
<b>Capital expenditure</b>			
- Purchase of land	(524,251)	0	0
- Reserve Reimbursement	0		
- Development costs	(12,515)	(199,287)	(193,651)
	<u>24,824</u>	<u>0</u>	<u>0</u>

Projected profit of \$610,685 are anticipated to be received in the 2015/16 for the sale of lots 1, 2 & 3. Council resolved in June via resolution #153173 to develop sites 1,2 & 3 subject to funding application and to consider the future development of lots 5 & 7 in response to satisfactory changes in market conditions. Infrastructure Reserve funds utilised will be returned to Reserve from sale proceeds. Any profit derived from the sale of land is required to be placed in Trust for the purpose of capital improvements to other Recreation Reserves in the locality.

(c) Expected Future Cash Flows

	2016 \$	2017 \$	2018 \$	2019 \$	Total \$
<b>Cash outflows</b>					
- Development costs	(831,491)	0	0	0	(831,491)
- Reserve reimbursement	(565,993)	0	0	0	(565,993)
	<u>(1,397,484)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,397,484)</u>
<b>Cash inflows</b>					
- Reserve funding	10,988	0	0	0	10,988
- External funding	820,503	0	0	0	820,503
- Sale proceeds	610,685	0	0	0	610,685
	<u>1,442,176</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,442,176</u>
<b>Net cash flows</b>	<u>44,692</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>44,692</u>

**31. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The City did not participate in any trading undertakings or major trading undertakings during the 2014/15 financial year.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**32. FINANCIAL RISK MANAGEMENT**

The City's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The City's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the City.

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

Financial risk management is carried out by the finance area under policies approved by the Council.

*The City held the following financial instruments at balance date:*

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>				
Cash and cash equivalents	85,384,687	62,930,475	85,384,687	62,930,475
Receivables	27,949,456	11,995,083	27,949,456	11,995,083
	<u>113,334,143</u>	<u>74,925,558</u>	<u>113,334,143</u>	<u>74,925,558</u>
<b>Financial liabilities</b>				
Payables	16,458,213	10,690,587	16,458,213	10,690,587
Borrowings	0	0	0	0
	<u>16,458,213</u>	<u>10,690,587</u>	<u>16,458,213</u>	<u>10,690,587</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(a) Cash and Cash Equivalents**

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

**Available-for-sale financial assets**

**Held-to-maturity investments**

The City's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the City.

The City manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Impact of a 10% <sup>(1)</sup> movement in price of investments		
- Equity	8,713,383	6,646,915
- Statement of Comprehensive Income	8,713,383	6,646,915
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	853,847	629,305
- Statement of Comprehensive Income	853,847	629,305

*Notes:*

<sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible market movements.

**CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**32. FINANCIAL RISK MANAGEMENT (Continued)**  
**(b) Receivables**

The City's major receivables comprise rates and annual charges, service charges for the Pilbara Underground Power Project and user charges and fees. 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 and Pilbara Underground Power Project service 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 also able to charge interest on overdue rates and annual charges and Pilbara Underground Power Project service 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 makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

Payment instalment options for either 4 or 10 years were offered to property owners for payment of their Pilbara Underground Power Project service charges. Where property owners are up to date with their instalment payments, the remaining balance is considered current. Where property owners have not opted to pay by instalments the full outstanding balance is considered overdue.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the City's credit risk at balance date was:

	<b>2015</b>	<b>2014</b>
Percentage of rates and annual charges		
- Current	0%	16%
- Overdue	100%	84%
Percentage of Pilbara Underground Power Project service charges		
- Current	70%	-
- Overdue	30%	-
Percentage of other receivables		
- Current	95%	90%
- Overdue	5%	10%

**CITY OF KARRATHA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(c) Payables**  
**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.

The contractual undiscounted cash flows of the City's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2015</u></b>					
Payables	16,458,213	0	0	16,458,213	16,458,213
Borrowings	0	0	0	0	0
	<u>16,458,213</u>	<u>0</u>	<u>0</u>	<u>16,458,213</u>	<u>16,458,213</u>
<b><u>2014</u></b>					
Payables	10,690,587	0	0	10,690,587	10,690,587
Borrowings	0	0	0	0	0
	<u>10,690,587</u>	<u>0</u>	<u>0</u>	<u>10,690,587</u>	<u>10,690,587</u>

**CITY OF KARRATHA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(c) Payables  
Borrowings (continued)**

Borrowings are also 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 following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<b>&lt;1 year</b>	<b>&gt;1&lt;2 years</b>	<b>&gt;2&lt;3 years</b>	<b>&gt;3&lt;4 years</b>	<b>&gt;4&lt;5 years</b>	<b>&gt;5 years</b>	<b>Total</b>	<b>Weighted Average Effective Interest Rate</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
<b><u>Year ended 30 June 2015</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	0	0	0	0	0	0	0.00%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
<b><u>Year ended 30 June 2014</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	0	0	0	0	0	0	0.00%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		

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## **Independent Auditor's Report To the Ratepayers of City of Karratha**

We have audited the accompanying financial report of the City of Karratha (the "City"), which comprises the statement of financial position as at 30 June 2015, and the statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the Chief Executive Officer.

### **Council's responsibility for the financial report**

The Council of the City is responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1995 Part 6. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error: selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 Part 6 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the City's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Independence**

In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

### **Auditor's Opinion**

In our opinion, the financial report of the City of Karratha:

- i presents fairly, in all material respects, the City's financial position as at 30 June 2015 and of its performance and cash flows for the year then ended;
- ii complies with Australian Accounting Standards and the relevant legislation; and
- iii is prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and Regulations under that Act.

### **Statutory Compliance**

I did not, during the course of my audit, become aware of any instance where the City did not comply with the requirements of the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996 as they relate to financial statements.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M A Petricevic  
Partner - Audit & Assurance

Perth, 9 November 2015

**CITY OF KARRATHA  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2015**

**RATIO INFORMATION**

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	2015	2014	2013
<b>Asset consumption ratio</b>	0.797	0.765	0.644

The asset consumption ratio is calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
-------------------------	--

The asset consumption ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost. A ratio in excess of 0.50 indicates that a Local Government has met the standard recommended by the Department of Local Government and Communities. A ratio between 0.60 and 0.75 indicates that a Local Government is improving upon the standard recommended by the Department of Local Government and Communities.

The City's asset consumption ratio of 0.797 reflects an increased level of expenditure on new assets as well as upgrades on existing assets in accordance with planned capital expenditure in the City's Long Term Financial Plan. The result is also reflective of infrastructure assets revalued to fair value in accordance with Local Government (Financial Management) Regulation 17A (2). Future Annual Financial Statements will include depreciation based on the Fair Value of Infrastructure assets. Council maintains an Infrastructure Reserve in order to fund future capital maintenance and renewal requirements.

<b>Asset renewal funding ratio</b>	1	1	1
------------------------------------	---	---	---

The asset renewal funding ratio is calculated as follows:

Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
-----------------------------	---

The asset renewal funding ratio measures the ability of a Local Government to fund its projected asset renewal and replacements in the future. A ratio between 0.75 and 0.95 indicates that a Local Government has met the standard recommended by the Department of Local Government and Communities. A ratio between 0.95 and 1.05, with a asset sustainability ratio of between 0.90 and 1.10, and an asset consumption ratio of between 0.50 and 0.75, indicates that a Local Government is improving upon the standard recommended by the Department of Local Government and Communities.

The City's asset renewal funding ratio of 1 demonstrates a level of planned capital renewal expenditure equal to the level of capital expenditure required to maintain its existing assets. The capital expenditure program included in the City's Long Term Financial Plan also includes a number of new facilities as well as upgrades to existing facilities which will require maintenance in future periods.

## **6 OTHER GENERAL BUSINESS**

Nil.

## **7 CLOSURE**

The meeting closed at 6.03 pm.

---

I, Cr Peter Long, Mayor of the City of Karratha, hereby declare on behalf of the Councillors of the City of Karratha that the enclosed Minutes are a true and accurate record of the Annual Electors' Meeting held on Monday, 14 December 2015.

..... Date \_\_\_\_/\_\_\_\_/\_\_\_\_  
Signed