

CITY OF WANNEROO

ANNUAL BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2017

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CITY OF WANNEROO
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDING 30TH JUNE 2017

	Note	2015/16 Budget \$	2015/16 Actual (Est.) \$	2016/17 Budget \$
Revenues	1			
Rates	9	130,605,729	131,896,821	142,127,655
Operating Grants, Subsidies & Contributions		12,572,765	9,339,887	12,583,297
Fees & Charges	12	18,982,500	18,700,203	19,763,958
Interest Earnings	2(a)(ii)	8,065,000	8,466,476	8,546,744
Other Revenue		669,894	746,216	644,408
		170,895,888	169,149,603	183,666,062
Expenses				
Employee Costs		(75,110,527)	(73,235,745)	(71,299,429)
Materials & Contracts		(51,034,077)	(49,561,648)	(55,557,400)
Utility Charges		(8,280,784)	(8,358,888)	(8,852,923)
Depreciation	2(a)(i)	(38,000,000)	(36,656,750)	(40,054,948)
Interest Expenses	2(a)(i),5(a)	(3,689,236)	(4,114,681)	(4,614,682)
Insurance Expenses		(1,505,416)	(1,529,158)	(1,584,844)
		(177,620,040)	(173,456,870)	(181,964,226)
		(6,724,152)	(4,307,267)	1,701,836
Other Revenues & Expenses (excl. Contr. of Physical Assets)				
Non-Operating Grants, Subsidies & Contributions		14,337,583	13,464,161	19,224,353
Profit on Asset Disposals	4	8,266,666	4,716,666	3,806,662
Loss on Asset Disposals	4	(500,000)	(1,000,000)	(500,000)
Town Planning Scheme Income	18(b)	19,342,646	46,826,432	22,569,911
Town Planning Scheme Expenses	18(b)	(21,653,740)	(60,940,698)	(18,600,500)
		19,793,155	3,066,561	26,500,426
Net Result (excluding Contributions of Physical Assets)		13,069,003	(1,240,706)	28,202,262
Contributions of Physical Assets		67,000,000	67,000,000	50,000,000
Net Result		80,069,003	65,759,294	78,202,262
Other Comprehensive Income		-	-	-
Total Comprehensive Income		80,069,003	65,759,294	78,202,262

- Please note, Other Comprehensive Income (if any) is impacted upon by external forces and is not able to be reliably estimated.

- It is anticipated in all instances, any Other Comprehensive Income will relate to non-cash transactions and as such, have no impact on this budget document.

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

CITY OF WANNEROO

STATEMENT OF COMPREHENSIVE INCOME

BY PROGRAM

FOR THE YEAR ENDING 30TH JUNE 2017

	Note	2015/16 Budget \$	2015/16 Actual (Est.) \$	2016/17 Budget \$
Revenues	1,2(b)			
Governance		261,807	354,550	268,434
General Purpose Funding		145,705,731	144,236,923	157,756,818
Law, Order & Public Safety		1,249,076	1,309,075	1,408,015
Health		636,330	506,330	630,360
Education & Welfare		4,354,597	4,175,490	4,234,687
Community Amenities		5,031,946	5,127,894	6,154,233
Recreation & Culture		8,690,693	8,713,981	8,636,991
Transport		1,289,193	1,134,193	1,343,160
Economic Services		3,444,857	3,368,007	3,020,000
Other Property & Services		231,660	223,160	213,364
		170,895,890	169,149,603	183,666,062
Expenses (excluding Finance Costs)				
Governance		(10,682,308)	(9,552,640)	(10,454,478)
General Purpose Funding		(1,009,354)	(1,022,962)	(1,662,260)
Law, Order & Public Safety		(6,423,719)	(6,459,293)	(7,255,573)
Health		(2,512,731)	(2,310,063)	(2,705,457)
Education & Welfare		(10,883,392)	(10,838,240)	(9,556,939)
Community Amenities		(39,756,797)	(37,803,850)	(37,600,605)
Recreation & Culture		(54,577,502)	(53,189,435)	(56,212,810)
Transport		(39,372,642)	(39,692,788)	(41,612,040)
Economic Services		(4,205,882)	(4,711,824)	(5,903,375)
Other Property & Services		(26,160,219)	(65,031,643)	(22,986,507)
		(195,584,546)	(230,612,738)	(195,950,044)
Finance Costs	2(a)(i),5(a)			
General Purpose Funding		(1,432,897)	(1,598,136)	(686,276)
Recreation & Culture		(1,882,292)	(2,099,359)	(2,898,751)
Transport		(153,078)	(170,732)	(411,321)
Other Property & Services		(220,969)	(246,454)	(618,334)
		(3,689,236)	(4,114,681)	(4,614,682)
Non-Operating Grants, Subsidies & Contributions				
Community Amenities		13,405,129	-	13,000,000
Recreation & Culture		2,857,125	56,326,763	-
Transport		59,868,429	24,372,753	54,492,353
Other Property & Services		24,549,546	42,820,928	24,301,911
		100,680,229	123,520,444	91,794,264
Profit/(Loss) on Disposal of Assets	4			
Governance		-	(500,000)	-
Other Property and Services		7,766,666	8,316,666	3,306,662
		7,766,666	7,816,666	3,306,662
Net Result		80,069,003	65,759,294	78,202,262
Other Comprehensive Income		-	-	-
Total Comprehensive Income		80,069,003	65,759,294	78,202,262

- Please note, Other Comprehensive Income (if any) is impacted upon by external forces and is not able to be reliably estimated.

- It is anticipated in all instances, any Other Comprehensive Income will relate to non-cash transactions and as such, have no impact on this budget document.

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

CITY OF WANNEROO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING 30TH JUNE 2017

	Note	2015/16 Budget \$	2015/16 Actual (Est.) \$	2016/17 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		130,605,729	131,896,821	142,127,655
Operating Grants, Subsidies & Contributions		12,572,765	9,339,887	12,583,297
Fees & Charges		18,982,500	18,700,203	19,763,958
Interest Earnings		8,065,000	8,466,476	8,546,744
Other Revenue		669,894	746,216	644,408
Goods & Services Tax		8,200,000	9,200,000	9,700,000
		179,095,888	178,349,603	193,366,062
Payments				
Employee Costs		(75,110,527)	(73,235,745)	(71,299,429)
Materials & Contracts		(51,034,070)	(49,561,648)	(55,557,400)
Utility Charges		(8,280,784)	(8,358,888)	(8,852,923)
Interest Expenses		(3,689,236)	(4,114,681)	(4,614,682)
Insurance Expenses		(1,505,416)	(1,529,158)	(1,584,844)
Goods & Services Tax		(8,200,000)	(9,200,000)	(9,700,000)
		(147,820,033)	(146,000,120)	(151,609,278)
Net Cash Provided By/(Used In) Operating Activities	16(b)	31,275,855	32,349,483	41,756,784
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(47,673,855)	(33,800,631)	(62,271,797)
Payments for Construction of Infrastructure		(33,926,249)	(24,053,617)	(30,156,590)
Non-Operating Grants, Subsidies & Contributions		14,337,583	13,464,161	19,224,353
Proceeds from Sale of Assets	4	8,925,806	4,825,806	5,481,043
Town Planning Scheme Income	18(b)	19,342,646	46,826,432	22,569,911
Town Planning Scheme Expenses	18(b)	(21,653,740)	(60,940,698)	(18,600,500)
Net Cash Provided By/(Used In) Investing Activities		(60,647,809)	(53,678,547)	(63,753,580)
Cash Flows from Financing Activities				
Proceeds from New Loans	5	-	-	11,100,000
Net Cash Provided By/(Used In) Financing Activities		-	-	11,100,000
Net Increase/(Decrease) in Cash Held		(29,371,954)	(21,329,064)	(10,896,796)
Cash at Beginning of Year		277,336,094	302,529,381	281,200,317
Cash and Cash Equivalents at the End of the Year	16(a)	247,964,140	281,200,317	270,303,521

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

CITY OF WANNEROO

RATE SETTING STATEMENT

FOR THE YEAR ENDING 30TH JUNE 2017

	Note	2015/16 Budget \$	2015/16 Actual (Est.) \$	2016/17 Budget \$
Revenues Excluding Rates				
Fees & Charges	12	18,982,500	18,700,203	19,763,958
Operating Grants, Subsidies & Contributions		12,572,765	9,339,887	12,583,297
Interest Earnings	2(a)(ii)	8,065,000	8,466,476	8,546,744
Other Revenue		669,894	746,216	644,408
		40,290,159	37,252,782	41,538,407
Expenses				
Employee Costs		(75,110,527)	(73,235,745)	(71,299,429)
Materials & Contracts		(51,034,070)	(49,561,648)	(55,557,400)
Utility Charges		(8,280,784)	(8,358,888)	(8,852,923)
Insurance		(1,505,416)	(1,529,158)	(1,584,844)
Interest Expenses	2(a)(i),5(a)	(3,689,236)	(4,114,681)	(4,614,682)
Depreciation	2(a)(i)	(38,000,000)	(36,656,750)	(40,054,948)
		(177,620,033)	(173,456,870)	(181,964,226)
Other Revenues and Expenses				
Non-Operating Grants, Subsidies & Contributions		14,337,583	11,758,657	20,929,857
Profit on Asset Disposal	4	8,266,666	4,716,666	3,806,662
Loss on Asset Disposal	4	(500,000)	(1,000,000)	(500,000)
Town Planning Scheme Income	18(b)	19,342,646	46,826,432	22,569,911
Town Planning Scheme Expenses	18(b)	(21,653,740)	(60,940,698)	(18,600,500)
Contributions of Physical Assets		67,000,000	67,000,000	50,000,000
		86,793,155	68,361,057	78,205,930
Net Operating Result Excluding Rates				
		(50,536,719)	(67,843,031)	(62,219,889)
Adjustments for Cash Budget Requirements				
(Profit)/Loss on Asset Disposals	4	(7,766,666)	(3,716,666)	(3,306,662)
Depreciation on Assets	2(a)(i)	38,000,000	36,656,750	40,054,948
Contributions of Physical Assets		(67,000,000)	(67,000,000)	(50,000,000)
		(36,766,666)	(34,059,916)	(13,251,714)
Adjustments for Non-Operating Expenditure & Income				
Capital Acquisitions		(81,600,104)	(57,854,248)	(92,428,387)
Proceeds from Disposal of Assets	4	8,925,806	4,825,806	5,481,043
Movement in Leave Provisions To Reserve		50,000	-	-
		(72,624,298)	(53,028,442)	(86,947,344)
Transfers				
Transfers (to)/from Restricted Grants, Contributions & Loans		10,958,528	10,384,528	11,610,838
Transfers to Reserves	6	(24,442,681)	(48,999,017)	(25,761,433)
Transfers from Reserves	6	33,884,310	42,953,865	37,681,298
Transfers to Schemes	18(b)	(19,342,646)	(46,826,432)	(22,569,911)
Transfers from Schemes	18(b)	28,264,443	65,521,624	19,330,500
		29,321,954	23,034,568	20,291,292
Surplus/(Deficit)				
Estimated Surplus/(Deficit) July 1 Brought Forward		-	-	-
Estimated Surplus/(Deficit) June 30 Carried Forward	8	-	-	-
Movement in Surplus/(Deficit)		-	-	-
Amount Required to be Raised from Rates	9	(130,605,729)	(131,896,821)	(142,127,655)

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government 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 budget are presented below and have been consistently applied unless stated otherwise.

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

The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 17 to this budget document.

(b) 2015/16 Actual Balances

Balances shown in this budget as 2015/16 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(c) Rounding Off Figures

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

(d) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the City 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.

(e) Goods & 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.

(f) Superannuation

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

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

(g) Cash and Cash Equivalents

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

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

(h) 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.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Trade and Other Receivables (Continued)

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.

(i) 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 Resale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

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

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

(j) Fixed Assets

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

Initial Recognition and Measurement 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 of 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.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Fixed Assets (Continued)

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.

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.

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

Buildings	40 years
Bus Shelters*	30 - 50 years
Computer Hardware	3 years
Computer Software	2 years
Footpaths*	25 - 70 years
Furniture & Equipment	10 years
Heavy Vehicles - 1,201 kg to 4,000 kg	6 years/100,000 km's (45% residual)
Heavy Vehicles - 4,001 kg to 9,000 kg	6 years/200,000 km's (40% residual)
Heavy Vehicles - 9,001 kg to 12,000 kg	8 years/500,000 km's (48% residual)
Heavy Vehicles - Refuse	5 years (20% residual)
Irrigation Piping	30 years
Light Vehicles	3 years (60% residual)
Other Infrastructure*	15 - 30 Years
Other Plant and Equipment	10 years
Parks & Reserves*	12 - 85 years
Plant	10 years (50% residual)
Reserves/Playground Equipment*	12 - 15 years
Sealed Car Parks - Pavement	85 years
Sealed Roads and Streets - Major Re-Surfacing*	18 - 40 years
Sealed Roads and Streets - Road Pavement*	85 - 100 years
Street Lighting	33 years
Tennis/Basketball Courts (Acrylic)	12 years
Underpasses	100 years
Water Supply Piping & Drainage Systems*	50 - 100 years

*Due to useful lives of the individual assets within each asset type varying despite being of a similar nature the asset types denoted that have a range of depreciation periods.

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

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

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

Capitalisation Threshold

Expenditure on items of equipment under \$1,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

(k) Fair Value of Assets and Liabilities

When performing a revaluation the City applies 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 (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Fair Value of Assets and Liabilities (Continued)

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. 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 (i.e. the market with the greatest volume and level of activity for the asset) 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.

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 and 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.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Fair Value of Assets and Liabilities (Continued)

The mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets to be revalued at least every 3 years. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards have been made in the budget as necessary.

(l) 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 (ie 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 cost.

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.

(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. Assets in this category are classified as current assets. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(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 management 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 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.

(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.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial Instruments (Continued)

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 (excl. financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss.

Impairment

A financial asset is deemed to be impaired if there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has 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 for 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.

(m) 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 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.

At the time of adopting this budget it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2017.

In any event an impairment loss is a non-cash transaction and consequently has no impact on this budget document.

(n) 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.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) 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 or 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.

(p) 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.

(q) Provisions

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

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

(r) 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 a capitalised recording of 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.

(s) 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.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. Information about the joint ventures is set out in Note 18.

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) 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.

(u) Comparative Figures

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

(v) Budget Comparative Figures

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

2. REVENUES AND EXPENSES

(a) Net Result

(i) Charging as Expenses:

	Note	2015/16 Budget \$	2015/16 Actual (Est.) \$	2016/17 Budget \$
Auditors Remuneration				
Audit		45,000	45,000	32,350
		45,000	45,000	32,350
Depreciation of Non-Current Assets				
<u>By Program</u>				
Governance		2,947,946	2,889,554	2,210,320
Law, Order & Public Safety		21,061	20,185	47,509
Health		10,327	7,867	32,519
Education & Welfare		30,840	27,684	195,503
Community Amenities		2,203,624	2,121,773	2,189,756
Recreation & Culture		12,866,995	12,401,634	12,971,486
Transport		16,261,870	15,641,788	17,401,744
Economic Services		17,219	16,823	17,775
Other Property & Services		3,640,118	3,529,442	4,988,336
		38,000,000	36,656,750	40,054,948
<u>By Class</u>				
Land & Buildings		2,610,806	2,502,817	3,349,813
Furniture & Equipment		9,727,980	9,426,980	8,935,040
Plant & Equipment		3,640,407	3,529,899	4,983,897
Other Infrastructure Assets		22,020,807	21,197,054	22,786,198
		38,000,000	36,656,750	40,054,948
Interest Expenses (Finance Costs)				
- Loan Interest	5(a)	3,689,236	4,114,681	4,614,682
		3,689,236	4,114,681	4,614,682

(ii) Crediting as Revenues:

	Note	2015/16 Budget \$	2015/16 Actual (Est.) \$	2016/17 Budget \$
Interest Earnings				
Investments				
- Reserve Funds		3,362,327	4,300,000	4,516,874
- Municipal Funds		3,137,673	2,450,000	2,480,370
- Other Interest Revenue	14	1,565,000	1,716,476	1,549,500
Sub-Total		8,065,000	8,466,476	8,546,744
- Town Planning Schemes	18	3,150,000	3,150,000	3,821,546
Total		11,215,000	11,616,476	12,368,290

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

2. REVENUES 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 and for each of its broad activities/programs.

With reference to the City of Wanneroo's Strategic Community Plan 2013/14 - 22/23:-

Vision

Building a Future Together

Council Aspirations

The council aspirations developed under the four pillars of the strategic community plan are:

1) *Environment*

- A healthy and sustainable natural and built environment.

2) *Society*

- Healthy, safe, vibrant and active communities.

3) *Economy*

- Progressive, connected communities that enable economic growth and employment.

4) *Civic Leadership*

-Working with others to ensure the best use of our resources.

The City's operations, as disclosed in this budget, encompass the following service orientated activities/programs:

Governance

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

Activities: Administration and operation of facilities and services to members of the City: other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific City services.

General Purpose Funding

Objectives: To collect revenue to allow for the provision of services.

Activities: Rates, general purpose government grants and interest revenue.

Law, Order and Public Safety

Objectives: To provide services to help ensure a safer community.

Activities: Supervision of various local-laws, fire prevention, emergency services, animal control, and property and surveillance services.

Health

Objectives: To provide an operational framework for good community health.

Activities: Food quality and pest control, immunisation services and operation of child health clinics.

Education and Welfare

Objectives: To meet the needs of the community in these areas.

Activities: Operation of senior citizens centres, day care centres and pre-school facilities, assistance to playgroups, retirement villages and other voluntary services.

Community Amenities

Objectives: Provide services required by the community.

Activities: Rubbish collection services, noise control, administration of the town planning and regional development and community amenities.

Recreation and Culture

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

Activities: Maintenance of halls, the aquatic centre, recreation centres, golf courses, various reserves and operation of libraries.

Transport

Objectives: To provide effective and efficient transport services to the community.

Activities: Construction and maintenance of streets, roads, bridges, the cleaning and lighting of streets and traffic lights, and depot maintenance.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

2. REVENUES AND EXPENSES (CONTINUED)

(b) Statement of Objective (Continued)

Economic Services

Objectives: To help promote the City and improve its economic well being.

Activities: Economic development, the promotion of tourism, area promotion and building control.

Other Property and Services

Objectives: To accommodate otherwise unclassified activities of the City.

Activities: Private works, plant repairs and operation costs, Town Planning Schemes and other unclassified activities.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

3. ACQUISITION OF ASSETS

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

	2015/16 Budget \$	2015/16 Actual (Est.) \$	2016/17 Budget \$
By Program			
Governance			
Land & Buildings	5,925,277	2,990,500	29,126,435
Infrastructure Assets - Land & Buildings	469,000	149,874	-
Furniture & Equipment	1,731,779	1,771,802	1,778,271
	8,126,056	4,912,176	30,904,706
Education and Welfare			
Land & Buildings	-	2,240	-
Furniture & Equipment	1,278,375	1,151,622	73,000
	1,278,375	1,153,862	73,000
Community Amenities			
Land & Buildings	-	-	25,000
Infrastructure Assets - Land & Buildings	1,810,833	389,392	633,000
Infrastructure Assets - Parks & Ovals	700,000	475,830	12,000
Infrastructure Assets - Drainage	551,511	-	-
Infrastructure Assets - Pathways	267,000	64,480	-
Furniture & Equipment	345,747	76,000	-
	3,675,091	1,005,702	670,000
Recreation and Culture			
Land & Buildings	10,570,012	13,869,935	19,312,990
Infrastructure Assets - Land & Buildings	-	251,155	126,000
Infrastructure Assets - Parks & Ovals	18,003,475	31,057,715	10,931,608
Infrastructure Assets - Pathways	10,000	-	-
Furniture & Equipment	3,407,561	3,162,106	2,796,700
	31,991,048	48,340,911	33,167,298
Transport			
Infrastructure Assets - Pathways	2,858,732	599,158	3,695,000
Infrastructure Assets - Roads	44,421,586	55,809,478	59,096,982
Infrastructure Assets - Drainage	5,070,500	795,103	6,295,000
Furniture & Equipment	955,268	2,061,082	637,000
	53,306,086	59,264,821	69,723,982
Economic Services			
Land & Buildings	500,000	302,919	100,000
	500,000	302,919	100,000
Other Property and Services			
Land & Buildings	2,932,700	3,322,765	1,990,043
Infrastructure Assets - Land & Buildings	130,000	-	-
Plant & Equipment	15,746,055	6,217,241	5,799,358
	18,808,755	9,540,006	7,789,401
Other Law, Order and Public Safety			
Land & Buildings	5,000	183,851	-
Furniture and Equipment	-	150,000	-
	5,000	333,851	-
Total	117,690,411	124,854,248	142,428,387
By Class			
Land & Buildings	21,743,822	21,403,857	51,162,468
Infrastructure Assets - Land & Buildings	599,000	387,149	126,000
Infrastructure Assets - Roads	44,421,586	55,809,478	59,096,982
Infrastructure Assets - Parks & Ovals	18,703,475	31,547,425	10,943,608
Infrastructure Assets - Pathways	3,135,732	663,638	3,695,000
Infrastructure Assets - Drainage	5,622,011	795,103	6,295,000
Plant & Equipment	15,746,055	6,217,241	5,799,358
Furniture & Equipment	7,718,730	8,030,357	5,309,971
Total	117,690,411	124,854,248	142,428,387

A detailed breakdown of the Capital Works Program can be found in Attachment 4.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

4. DISPOSAL OF ASSETS

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

	<u>Net Book Value</u>	<u>Sale Proceeds</u>	<u>Profit/(Loss)</u>
	<u>2016/17</u>	<u>2016/17</u>	<u>2016/17</u>
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>By Program</u>			
Other Property & Services	2,174,381	5,481,043	3,306,662
	2,174,381	5,481,043	3,306,662
<u>By Class</u>			
Plant & Equipment	1,247,710	1,247,710	-
Land & Buildings	926,671	4,233,333	3,306,662
	2,174,381	5,481,043	3,306,662
<u>Summary</u>			
Profit on Asset Disposals			3,806,662
Loss on Asset Disposals			(500,000)
			3,306,662

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

5. INFORMATION ON BORROWINGS

(a) Loan Repayments

Details	Principal	New	Principal		Principal		Interest	
	01-Jul-16	Drawdown	Repayments	Repayments	Outstanding	Outstanding	Repayments	Repayments
	\$	\$	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
			Actual (Est.)	Budget	Actual (Est.)	Budget	Actual (Est.)	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
Western Australian Treasury Corporation	60,778,188	-	-	-	60,778,188	60,778,188	4,114,681	4,114,682
TBA	-	11,100,000	-	-	-	11,100,000	-	500,000
Total	60,778,188	11,100,000	-	-	60,778,188	71,878,188	4,114,681	4,614,682

Note 1) All loan repayments are to be financed by general purpose revenue.

Note 2) The interest rate for the Cities existing loan to Western Australian Treasury Corporation for the duration of this period is 6.07%.

Note 3) The maturity date of the existing loan is 1st December 2026.

Note 4) In the 2016/17 financial year a new loan of \$11,100,000 is budgeted to be drawn to fund projects in the Yanchep development area.

(b) Unspent Loans

The City is estimated to have \$11,149,493 unspent loans as at 30th June 2016. The purpose of the unspent loans is to provide funding to the City's capital works program. As at 30 June 2017 there will be budgeted loan funds of \$9,604,480 to be available to projects scheduled for completion in future years.

(c) Overdraft

The City established an overdraft facility of \$1,000,000 in 2002 to assist with short term liquidity requirements. The balance of the bank overdraft as at 1 July 2016 is estimated to be NIL. Furthermore, the bank overdraft is expected to remain at a NIL balance for the period ending 30 June 2017.

(d) Purpose of Total Loan Funding

Under Section 6.20(4)(a) of the Local Government Act 1995, a change in purpose of the use of borrowings can be disclosed in the annual budget. As such, the table outlined below indicates the budgeted purpose of borrowings to be adopted in the annual budget for 2016/17.

Project Description	Approved	Funds Used	Funds to be Used			Approved
	Application		2015/16	2016/17	2017/18-	Application
	2015/16	To 30/6/15	2015/16	2016/17	2017/18-	2016/17
	\$	\$	\$	\$	\$	\$
Develop Industrial Estate - Neerabup	317,887	317,887	-	-	-	317,887
Wanneroo Regional Museum and Library	10,416,178	10,416,178	-	-	-	10,416,178
Construct Community Centre - Butler	278,000	278,000	-	-	-	278,000
Redevelop Wanneroo Townsite	1,214,615	1,214,615	-	-	-	1,214,615
Redevelop Koondoola Precinct	1,293,000	2,000	1,291,000	-	-	1,293,000
Develop Accessible and Inclusive Playground	222,000	222,000	-	-	-	222,000
Kingsway Regional Sporting Complex	20,467,071	18,367,505	638,565	466,013	1,400,000	20,872,083
Upgrade Aquamotion	7,926,000	7,926,000	-	-	-	7,926,000
Develop Wangara Industrial Area (Lot 257)	530,000	-	497,000	-	-	497,000
Develop Wangara Industrial Area (Lot 15)	2,572,452	547,794	40,000	689,000	1,204,480	2,481,274
Pinjar Road - Wanneroo and Carosa Road	728,849	728,849	-	-	-	728,849
Upgrade Rocca Way Dundobar Road	10,280	54,715	-	-	-	54,715
Flynn Drive Neerabup - Construct Road	2,586,882	886,882	110,000	390,000	1,200,000	2,586,882
Lot 12 Fowey Loop	1,800	1,800	-	-	-	1,800
Yanchep Active Open Space	56,460	56,460	-	-	-	56,460
Kingsway Regional Playground	650,000	650,000	-	-	-	650,000
Yanchep Lagoon - Brazier Road Realignment	3,917,072	3,682,311	169,134	-	-	3,851,445
Yanchep SLSC	2,071,000	600,000	930,000	-	-	1,530,000
Southern Suburbs Library	5,518,642	-	-	-	5,800,000	5,800,000
Yanchep Development Area Projects	-	-	-	11,100,000	-	11,100,000
Totals	60,778,188	45,952,996	3,675,699	12,645,013	9,604,480	71,878,188

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

6. RESERVES

	2015/16 Budget \$	2015/16 Actual (Est.) \$	2016/17 Budget \$
(a) Alkimos/Eglinton District Community Facilities Reserve			
Opening Balance	5,766,542	8,393,576	10,395,200
Transfer to Reserve	1,623,928	2,080,824	1,422,856
Transfer from Reserve	(106,000)	(79,200)	(79,200)
	7,284,470	10,395,200	11,738,856
(b) Asset Renewal Reserve			
Opening Balance	-	-	7,000,000
Transfer to Reserve	-	7,000,000	4,210,000
Transfer from Reserve	-	-	-
	-	7,000,000	11,210,000
(c) Asset Replacement Reserve			
Opening Balance	5,457,639	4,719,983	4,378,227
Transfer to Reserve	4,250,085	929,800	4,531,347
Transfer from Reserve	(1,926,562)	(1,271,556)	(1,889,660)
	7,781,162	4,378,227	7,019,914
(d) Butler Collaborative Planning Agreement Reserve			
Opening Balance	2,775,147	2,792,198	2,868,983
Transfer to Reserve	76,317	76,785	86,070
Transfer from Reserve	-	-	-
	2,851,464	2,868,983	2,955,053
(e) Carry Forward Capital Projects Reserve			
Opening Balance	10,011,748	10,011,748	9,515,574
Transfer to Reserve	275,323	9,515,574	-
Transfer from Reserve	(10,011,748)	(10,011,748)	(9,515,574)
	275,323	9,515,574	-
(f) Coastal Infrastructure Management Reserve			
Opening Balance	-	-	6,019,955
Transfer to Reserve	-	6,019,955	1,180,599
Transfer from Reserve	-	-	-
	-	6,019,955	7,200,554
(g) Commercial Refuse Reserve			
Opening Balance	2,060,044	2,072,690	-
Transfer to Reserve	56,651	8,103	-
Transfer from Reserve	-	(2,080,793)	-
	2,116,695	-	-
(h) Domestic Refuse Reserve			
Opening Balance	3,725,812	5,343,797	7,348,734
Transfer to Reserve	102,460	3,086,311	220,462
Transfer from Reserve	(1,165,000)	(1,081,374)	(1,092,000)
	2,663,272	7,348,734	6,477,196
(i) Fleming Park Lake Reserve			
Opening Balance	206,259	207,526	213,233
Transfer to Reserve	5,672	5,707	6,397
Transfer from Reserve	-	-	-
	211,931	213,233	219,630
(j) Golf Courses Reserve			
Opening Balance	1,105,071	1,261,734	1,398,113
Transfer to Reserve	330,389	384,698	391,943
Transfer from Reserve	(485,555)	(248,319)	(412,500)
	949,905	1,398,113	1,377,556

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

6. RESERVES (CONTINUED)

	2015/16 Budget \$	2015/16 Actual (Est.) \$	2016/17 Budget \$
(k) HACC Asset Replacement Reserve			
Opening Balance	512,973	506,970	550,912
Transfer to Reserve	44,107	43,942	46,527
Transfer from Reserve	-	-	-
	557,080	550,912	597,439
(l) Land Acquisition Reserve			
Opening Balance	2,062,896	1,572,499	2,070,743
Transfer to Reserve	556,730	543,244	562,122
Transfer from Reserve	-	(45,000)	-
	2,619,626	2,070,743	2,632,865
(m) Leave Liability Reserve			
Opening Balance	2,010,997	1,397,599	1,486,033
Transfer to Reserve	105,302	88,434	94,581
Transfer from Reserve	-	-	-
	2,116,299	1,486,033	1,580,614
(n) Loan Repayment Reserve			
Opening Balance	15,510,193	15,573,745	19,668,690
Transfer to Reserve	4,093,197	4,094,945	2,423,394
Transfer from Reserve	-	-	-
	19,603,390	19,668,690	22,092,084
(o) Material Recoveries Facility Upgrade Reserve**			
Opening Balance	-	91,377	-
Transfer to Reserve	-	4,408	-
Transfer from Reserve	-	(95,785)	-
	-	-	-
(p) Neerabup Development Reserve			
Opening Balance	3,046,220	5,645,389	4,620,594
Transfer to Reserve	83,771	155,248	138,618
Transfer from Reserve	(1,121,650)	(1,180,043)	(1,448,750)
	2,008,341	4,620,594	3,310,462
(q) Plant Replacement Reserve			
Opening Balance	5,692,302	3,562,425	5,282,490
Transfer to Reserve	7,060,877	7,002,306	6,500,330
Transfer from Reserve	(7,719,653)	(5,282,241)	(7,244,559)
	5,033,526	5,282,490	4,538,261
(r) Regional Open Space			
Opening Balance	-	-	5,000,000
Transfer to Reserve	-	5,000,000	150,000
Transfer from Reserve	-	-	-
	-	5,000,000	5,150,000
(s) Section 20A Land Reserve			
Opening Balance	188,087	1,499,533	1,540,770
Transfer to Reserve	5,172	41,237	46,223
Transfer from Reserve	-	-	-
	193,259	1,540,770	1,586,993
(t) Strategic Projects/Initiatives Reserve			
Opening Balance	70,935,568	81,160,163	62,352,417
Transfer to Reserve	3,476,043	2,288,394	2,838,428
Transfer from Reserve	(7,377,142)	(21,096,140)	(13,782,244)
	67,034,469	62,352,417	51,408,601

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

6. RESERVES (CONTINUED)

	2015/16 Budget \$	2015/16 Actual (Est.) \$	2016/17 Budget \$
(u) Sustainability Investment Fund Reserve			
Opening Balance	93,259	120,732	91,164
Transfer to Reserve	52,565	53,320	52,735
Transfer from Reserve	(50,000)	(82,888)	(50,000)
	95,824	91,164	93,899
(v) TPS 20 - District Distributor Headworks Reserve			
Opening Balance	6,348,611	6,387,613	6,563,272
Transfer to Reserve	174,587	175,659	196,899
Transfer from Reserve	-	-	-
	6,523,198	6,563,272	6,760,171
(w) Yanchep Bus Reserve			
Opening Balance	171,577	172,405	93,799
Transfer to Reserve	9,718	9,741	7,814
Transfer from Reserve	-	(88,347)	-
	181,295	93,799	101,613
(x) Yanchep/Two Rocks District Community Facilities Reserve			
Opening Balance	1,736,237	1,022,981	1,102,932
Transfer to Reserve	2,059,787	390,382	654,088
Transfer from Reserve	(3,921,000)	(310,431)	(2,166,811)
	(124,976)	1,102,932	(409,791)
Total Reserves	129,975,553	159,561,835	147,641,970

All of the above reserve accounts are to be supported by money held in financial institutions. Each reserve receives interest on funds held in investments.

** This reserve operates under a service agreement between the Cities of Joondalup, Swan and Wanneroo.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

6. RESERVES (CONTINUED)

Summary of Reserve Transfers

	2015/16 Budget \$	2015/16 Actual (Est.) \$	2016/17 Budget \$
Transfers to Reserves			
Alkimos/Eglinton District Community Facilities Reserve	1,623,928	2,080,824	1,422,856
Asset Renewal Reserve	-	7,000,000	4,210,000
Asset Replacement Reserve	4,250,085	929,800	4,531,347
Butler Collaborative Planning Agreement Reserve	76,317	76,785	86,070
Carry Forward Capital Projects Reserve	275,323	9,515,574	-
Coastal Infrastructure Management Reserve	-	6,019,955	1,180,599
Commercial Refuse Reserve	56,651	8,103	-
Domestic Refuse Reserve	102,460	3,086,311	220,462
Fleming Park Lake Reserve	5,672	5,707	6,397
Golf Courses Reserve	330,389	384,698	391,943
HACC Asset Replacement Reserve	44,107	43,942	46,527
Land Acquisition Reserve	556,730	543,244	562,122
Leave Liability Reserve	105,302	88,434	94,581
Loan Repayment Reserve	4,093,197	4,094,945	2,423,394
Material Recoveries Facility Upgrade Reserve**	-	4,408	-
Neerabup Development Reserve	83,771	155,248	138,618
Plant Replacement Reserve	7,060,877	7,002,306	6,500,330
Regional Open Space	-	5,000,000	150,000
Section 20A Land Reserve	5,172	41,237	46,223
Strategic Projects/Initiatives Reserve	3,476,043	2,288,394	2,838,428
Sustainability Investment Fund Reserve	52,565	53,320	52,735
TPS 20 - District Distributor Headworks Reserve	174,587	175,659	196,899
Yanchep Bus Reserve	9,718	9,741	7,814
Yanchep/Two Rocks District Community Facilities Reserve	2,059,787	390,382	654,088
	24,442,681	48,999,017	25,761,433
Transfers from Reserves			
Alkimos/Eglinton District Community Facilities Reserve	(106,000)	(79,200)	(79,200)
Asset Renewal Reserve	-	-	-
Asset Replacement Reserve	(1,926,562)	(1,271,556)	(1,889,660)
Butler Collaborative Planning Agreement Reserve	-	-	-
Carry Forward Capital Projects Reserve	(10,011,748)	(10,011,748)	(9,515,574)
Coastal Infrastructure Management Reserve	-	-	-
Commercial Refuse Reserve	-	(2,080,793)	-
Domestic Refuse Reserve	(1,165,000)	(1,081,374)	(1,092,000)
Fleming Park Lake Reserve	-	-	-
Golf Courses Reserve	(485,555)	(248,319)	(412,500)
HACC Asset Replacement Reserve	-	-	-
Land Acquisition Reserve	-	(45,000)	-
Leave Liability Reserve	-	-	-
Loan Repayment Reserve	-	-	-
Material Recoveries Facility Upgrade Reserve**	-	(95,785)	-
Neerabup Development Reserve	(1,121,650)	(1,180,043)	(1,448,750)
Plant Replacement Reserve	(7,719,653)	(5,282,241)	(7,244,559)
Regional Open Space	-	-	-
Section 20A Land Reserve	-	-	-
Strategic Projects/Initiatives Reserve	(7,377,142)	(21,096,140)	(13,782,244)
Sustainability Investment Fund Reserve	(50,000)	(82,888)	(50,000)
TPS 20 - District Distributor Headworks Reserve	-	-	-
Yanchep Bus Reserve	-	(88,347)	-
Yanchep/Two Rocks District Community Facilities Reserve	(3,921,000)	(310,431)	(2,166,811)
	(33,884,310)	(42,953,865)	(37,681,298)
Net Transfer to/(from) Reserves	(9,441,629)	6,045,152	(11,919,865)

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

6. RESERVES (CONTINUED)

The purpose for which the reserves are set aside are as follows:

Alkimos/Eglinton District Community Facilities Reserve

To be used for the purpose of accumulating Developer Contributions for the capital funding of community facilities and associated costs related to the administration and implementation of the Developer Contribution Plan in the Alkimos/Eglinton Development Contribution Area.

Asset Renewal Reserve

To be used for the funding of asset renewal and upgrade works.

Asset Replacement Reserve

To be used for the purpose of receiving the proceeds of the sale of significant property assets. Funds held are to be used in acquiring new or replacement assets for the City.

Butler Collaborative Planning Agreement Reserve

For the purpose of meeting future increased maintenance costs of infrastructure in Stage 1, Brighton Estate, Butler as established in the Butler Collaborative Planning Agreement and any such other related expenditure, as from time to time be approved by an absolute majority of Council, provided such expenditure shall be within the Brighton Estate.

Carry Forward Capital Projects Reserve

For the accumulation of funds to support the municipally funded carried forward capital works.

Coastal Infrastructure Management Reserve

For the accumulation of funds to support coastal infrastructure capital works.

Commercial Refuse Reserve

To be used for additional requirements specifically needed for the provision of the commercial collection service.

Domestic Refuse Reserve

To be used for additional requirements specifically needed for the provision of the domestic collection service.

Fleming Park Lake Reserve

For the purpose of holding funds provided by developer for the upkeep and maintenance of the Fleming Park Lake.

Golf Course Reserve

To be used for the capital improvement of the Carramar and Marangaroo Golf Courses.

HACC Asset Replacement Reserve

To be used to replace Council's assets where the funding of the original asset was from Home and Community Care program (HACC). This is a requirement of the operating funding agreement with HACC.

Land Acquisition Reserve

For the purpose of purchasing municipal land for roads and drainage purposes.

Leave Liability Reserve

The purpose of this reserve is to cash back the liability of the City for long service leave and annual leave.

Loan Repayment Reserve

To set aside adequate funds over time to repay loan commitments per the City's 10 Year Strategic Financial Management Plans debt management policy.

Materials Recovery Facility Upgrade Reserve

For the purpose of capital expenditure outlay required to be undertaken, on behalf of the owners, for the Materials Recovery Facility.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

6. RESERVES (CONTINUED)

Neerabup Development Reserve

For the purpose of meeting the associated cost of developing the City's investment land in Neerabup.

Plant Replacement Reserve

To be used to replace Council's fleet, plant and equipment.

Regional Open Space Reserve

For the accumulation of funds to support regional open space capital works.

Section 20A Land Reserve

To be used for capital improvements on recreation reserves in the general locality of source of funds.

Strategic Projects/Initiatives Reserve

For the purpose of accumulating funds to be used for the introduction of new or upgrade of existing services, maintenance, renewal, upgrade of existing assets and purchase of new assets or project works of the City over an expected period of 10 years. The annual funds transfer is derived from the rate setting surplus less municipal funding of capital works carried forward.

Sustainability Investment Fund Reserve

To be used for the provision of funding future costs associated with environmental needs and initiatives.

Town Planning Scheme 20 - District Headworks Reserve

To be used for the construction of District Distribution Roads associated with Town Planning Scheme 20.

Yanchep Bus Reserve

For the accumulation of funds from the Yanchep community for the costs associated with the replacement of the community bus.

Yanchep/Two Rocks District Community Facilities Reserve

To be used for the purpose of accumulating Developer Contributions for the capital funding of community facilities and associated costs related to the administration and implementation of the Developer Contribution Plan in the Yanchep/Two Rocks Development Contribution Area.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

7. NON-CASH RESERVES

Asset revaluation reserves have arisen on revaluation of the following class of non-current assets:

	2015/16 Budget \$	2015/16 Actual (Est.) \$	2016/17 Budget \$
Furniture & Equipment (Artworks & Artefacts)			
Opening Balance	246,090	246,092	246,092
Revaluation Increment	-	-	-
	246,090	246,092	246,092
Land			
Opening Balance	-	321,428,173	321,428,173
Revaluation Increment	-	-	-
	-	321,428,173	321,428,173
Buildings			
Opening Balance	-	82,686,540	82,686,540
Revaluation Increment	-	-	-
	-	82,686,540	82,686,540
Infrastructure Assets			
Opening Balance	565,602,254	565,602,357	565,602,357
Revaluation Increment	-	-	-
	565,602,254	565,602,357	565,602,357
Equity Accounted Investments			
Opening Balance	936,755	936,755	936,755
Revaluation Increment	-	-	-
	936,755	936,755	936,755
Total Asset Revaluation Reserves	566,785,099	970,899,917	970,899,917

8. NET CURRENT ASSETS

Composition of Estimated Net Current Asset Position

	Note	2015/16 Budget \$	2015/16 Actual (Est.) \$	2016/17 Budget \$
Current Assets				
Cash - Unrestricted	16(a)	(5,753,112)	16,654,810	15,983,481
Cash - Restricted	16(a)	253,717,252	264,545,507	254,320,040
Receivables		31,276,813	16,766,709	17,343,457
Non-Cash Investments		-	-	-
Inventories		360,000	369,608	369,608
		279,600,953	298,336,634	288,016,586
Less: Current Liabilities				
Payables & Provisions		(28,000,000)	(35,277,160)	(35,277,160)
Net Current Asset Position		251,600,953	263,059,474	252,739,426
Plus: Leave Provisions Cash Backed		2,116,299	1,486,033	1,580,614
Less: Cash / Investments - Restricted	16(a)	(253,717,252)	(264,545,507)	(254,320,040)
Estimated Surplus/(Deficiency) Carried Forward		-	-	-

The estimated surplus/(deficiency) carried forward in the 2015/2016 actual column represents the surplus/(deficit) brought forward as at 1 July 2017.

The estimated surplus/(deficiency) carried forward in the 2016/2017 budget column represents the surplus/(deficit) carried forward as at 30 June 2017.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

9. RATING INFORMATION

General Rate Category	2015/16	2016/17					
	Actual (Est.) Total Revenue \$	Rate in Dollar Cents	Number of Properties	Rateable Value \$	Budgeted Rate Revenue \$	Budgeted Interim Rates \$	Budgeted Total Revenue \$
Gross Rental Value - Improved							
Residential	77,000,010	7.7581	50,349	1,063,548,152	82,511,129	1,820,925	84,332,054
Commercial/Industrial	18,443,426	6.3874	2,586	309,732,118	19,783,829	436,606	20,220,435
Gross Rental Value - Vacant							
Residential	5,999,125	11.8820	2,916	60,041,110	7,134,085	-	7,134,085
Commercial/Industrial	741,796	5.9420	178	14,635,250	869,627	-	869,627
Unimproved Value - Improved							
Residential	1,186,187	0.3568	181	163,124,845	582,029	12,845	594,874
Commercial/Industrial	654,756	0.2697	36	77,682,042	209,508	4,624	214,132
Rural & Mining	2,554,596	0.3500	399	647,985,467	2,267,949	-	2,267,949
Unimproved Value - Vacant							
Residential	3,119,296	0.5283	59	675,330,000	3,567,768	-	3,567,768
Commercial/Industrial	202,239	0.2957	9	26,320,000	77,828	-	77,828
Rural & Mining	417,074	0.3809	83	90,060,000	343,039	-	343,039
Sub-Totals	110,318,505	n/a	56,796	3,128,458,984	117,346,792	2,275,000	119,621,792
Minimum Rate Category		General Minimum \$					
Gross Rental Value - Improved							
Residential	18,768,388	1,305	15,142	228,798,024	19,760,310	-	19,760,310
Lesser Minimum Strata Titled Caravan Parks	-	410	0	-	-	-	-
Commercial/Industrial	589,444	1,280	492	7,628,827	629,760	-	629,760
Lesser Minimum Strata Titled Storage Units	35,149	640	77	247,999	49,280	-	49,280
Gross Rental Value - Vacant							
Residential	2,058,913	745	2,628	12,954,221	1,957,860	-	1,957,860
Commercial/Industrial	51,357	1,280	31	472,155	39,680	-	39,680
Unimproved Value - Improved							
Residential	6,874	1,305	6	1,953,113	7,830	-	7,830
Commercial/Industrial	10,223	1,280	6	1,270,000	7,680	-	7,680
Rural & Mining	2,579	1,292	2	614,533	2,584	-	2,584
Unimproved Value - Vacant							
Residential	6,788	745	3	30,700	2,235	-	2,235
Commercial/Industrial	-	1,286	-	-	-	-	-
Rural & Mining	28,601	868	33	177,316	28,644	-	28,644
Sub-Totals	21,558,316	n/a	18,420	254,146,888	22,485,863	-	22,485,863
Totals	131,876,821	n/a	75,216	3,382,605,872	139,832,655	2,275,000	142,107,655
Ex Gratia Rates	20,000						20,000
Grand Totals	131,896,821						142,127,655

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

9. RATING INFORMATION (CONTINUED)

The general rates detailed above for the 2016/17 financial year have been determined by the City on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates. This also considers the extent of any increase in rating over the level adopted in the previous year.

For the 2008/09 Financial year the City resolved to incorporate the domestic rubbish collection charge within the general rates. The reason for this is to enable eligible pensioners to claim a higher rebate from State Government. This will continue to be in place for the 2016/17 financial year. In accordance with Section 6.36 of the Local Government Act 1995 the differential general rates and the minimum rates intended to be levied were advertised as follows:

Rate Category	Advertised - 17th and 19th of May 2016		Final - 28th June 2016	
	Rate in the Dollar (Cents)	General Minimum Rate \$	Rate in the Dollar (Cents)	General Minimum Rate \$
Gross Rental Value - Improved				
Residential	7.7919	1,311	7.7581	1,305
Lesser Minimum Strata Titled Caravan Parks	7.7919	410	7.7581	410
Commercial/Industrial	6.4900	1,286	6.3874	1,280
Lesser Minimum Strata Titled Storage Units	6.4900	643	6.3874	640
Gross Rental Value - Vacant				
Residential	11.8820	745	11.8820	745
Commercial/Industrial	5.9420	1,286	5.9420	1,280
Unimproved Value - Improved				
Residential	0.3586	1,311	0.3568	1,305
Commercial/Industrial	0.2691	1,286	0.2697	1,280
Rural & Mining	0.3550	1,297	0.3500	1,292
Unimproved Value - Vacant				
Residential	0.5283	745	0.5283	745
Commercial/Industrial	0.3009	1,286	0.2957	1,286
Rural & Mining	0.3845	872	0.3809	868

The minimum rates have been determined by the City on the basis that all ratepayers must make a reasonable contribution to the cost of the Local Government services/facilities.

Note: Adjustments were made to the advertised proposed rates to recognise updated valuations data provided by the Valuer General and to reflect a reduced rate for the residential improved category.

Objects and Reason for Rates

The overall objective of the proposed rates in the draft 2016/17 Budget is to provide for the net funding requirements of the City of Wanneroo's various programs, services and facilities.

Under Section 6.36 (1) of the Local Government Act 1995 the City is required to give local public notice of its intention to impose differential general rates and minimum payments. As part of this process the Objects and Reasons are to be made available to the public for written comment for a period of 21 days from the date after advertising.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

9. RATING INFORMATION (CONTINUED)

The Objects and Reasons that have been proposed are:

GRV & UV Residential Improved

The rate in the dollar and minimum rate have been set on the basis that ratepayers make a reasonable contribution to the cost of local government services and facilities available to residents. Residential Improved properties receive a greater level of services than those in the Commercial/Industrial and Rural & Mining categories. eg. Rubbish removal service.

The lesser minimum for strata titled caravan parks is set recognising the unique purpose of these properties while still ensuring a reasonable contribution to the cost of local government services and facilities available to residents.

GRV & UV Residential Vacant

The rate in the dollar and minimum rate have been set in an effort to promote development of these properties thereby stimulating growth and development in the community.

GRV & UV Commercial/Industrial Improved

The rate in the dollar and minimum rate for all Commercial/Industrial Improved property has been set to provide an acceptable standard of infrastructure and parking needs due to the greater volumes of people and vehicular traffic.

The lesser minimum for strata titled storage units is set recognising the unique purpose of these properties.

GRV & UV Commercial/Industrial Vacant

The rate in the dollar and minimum rate for all Commercial/Industrial Vacant land has been set in an effort to promote the development of these properties by attracting business and industry to the City thereby stimulating growth and development in the community.

UV Rural & Mining Improved

The rate in the dollar and the minimum rate have been set with an intention to foster and encourage farming and horticultural activities in the City of Wanneroo thereby stimulating growth and development in the community.

UV Rural & Mining Vacant

The rate in the dollar and the minimum rate have been set with an intention to encourage the development of vacant land thereby stimulating growth and development in the community.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

10. SPECIFIED AREA RATES

No specified area rates have been budgeted for the 2016/17 Financial Year.

11. SERVICE CHARGES

No service charges have been budgeted for the 2016/17 Financial Year.

12. FEES & CHARGES REVENUE

	2015/16 Budget	2015/16 Actual (Est.)	2016/17 Budget
	\$	\$	\$
Governance	28,142	28,567	29,408
General Purpose Funding	515,000	528,304	548,900
Law, Order & Public Safety	826,400	826,400	929,000
Health	329,860	329,860	319,860
Education & Welfare	392,980	388,332	375,282
Community Amenities	4,912,664	5,009,412	6,095,907
Recreation & Culture	7,724,565	7,583,289	7,547,598
Transport	940,000	790,000	1,010,000
Economic Services	3,306,857	3,210,007	2,902,000
Other Property & Services	6,032	6,032	6,003
	18,982,500	18,700,203	19,763,958

13. RATE PAYMENT DISCOUNTS, WAIVERS & CONCESSIONS

No rates discounts have been budgeted for the 2016/17 Financial Year.

With regard to waivers Council has agreed, in accordance with Section 6.47 of the Local Government Act 1995, to waive the 2016/17 Council Rates (excluding Emergency Services Levy) for land leased by the City to the following community groups (Equating to \$78,048):

- AJS Motorcycle Club of WA Inc;
- Kingsway Football & Sporting Club Inc;
- Olympic Kingsway Sports Club;
- Pinjar Motorcycle Park Inc;
- Quinns Mindarie Surf Lifesaving Club Inc;
- Quinns Rocks Sports Club Inc;
- Tiger Kart Club Inc;
- Vikings Softball Club Inc & The Wanneroo Giants Baseball Club Inc;
- Wanneroo Agricultural Society;
- Wanneroo Amateur Football Club Inc, Wanneroo Cricket Club, Wanneroo Junior Cricket Club Inc & Wanneroo Junior Football Club;
- Wanneroo BMX Club;
- Wanneroo City Soccer Club Inc;
- Wanneroo Districts Cricket Club Inc;
- Wanneroo Districts Cricket Club Inc & Wanneroo Districts Hockey Association Inc;
- Wanneroo Districts Netball Association;
- Wanneroo Districts Rugby Union Football Club Inc;
- Wanneroo Horse & Pony Club;
- Wanneroo Racing Pigeon Club;
- Wanneroo Shooting Complex Inc;
- Wanneroo Sports & Social Club Inc;
- Wanneroo Tennis Club;
- Wanneroo Trotting & Training Club Inc;
- Yanchep Golf Club;
- Yanchep Sports & Social Club Inc;
- Yanchep Surf Lifesaving Club Inc; and
- Youth Futures WA (Inc).

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

14. INTEREST CHARGES AND INSTALMENTS

An interest rate of 8.45% per annum will be charged on all rates, both current and arrears, that remain unpaid after 35 days from the issue date of the rate notice (1 August 2016). It is estimated this will generate income of \$929,500. Three option plans will be available to ratepayers for payment of their rates by instalments.

Option 1 (Full Payment)

Full amount of rates and charges, including arrears, to be paid on or before 35 days from the issue date appearing on the rate notice (5 September 2016).

Option 2 (Two Instalments)

First instalment to be received on or before 35 days after the issue date appearing on the rate notice, including all arrears and half of the current rates and service charges (5 September 2016). The second and final instalment will be due and payable 63 days after the due and payable 63 days after the due date of the first instalment (7 November 2016).

Option 3 (Four Instalments)

First instalment to be received on or before 35 days after the issue date appearing on the rate notice, including all arrears and a quarter of the current rates and service charges (5 September 2016). The second, third and fourth instalments are to be made at 63 day intervals, thereafter (7 November 2016, 09 January 2017 and 13 March 2017).

Cost of Instalment Options

The cost of the instalment options will comprise of simple interest of 5.5% per annum, calculated from the date the first instalment is due and payable (5 September 2016), together with an administration fee of \$5.00 for each instalment.

Special Arrangements and Late Payment Penalty

In addition to the late payment interest of 8.45% per annum an administration fee of \$25.00 per assessment will be charged to any ratepayers wishing to enter into special payment agreements with the City.

The total revenue from the imposition of the interest and administration fee during the 2016/17 financial year is estimated at \$1,928,600. This is dissected as follows:

Note	2015/16 Budget \$	2015/16 Actual (Est.) \$	2016/17 Budget \$
Instalment Interest Charges - Rates	565,000	616,476	620,000
Late Payment Penalty Interest - Rates	1,000,000	1,100,000	929,500
2a(ii)	1,565,000	1,716,476	1,549,500
Administration Charges - Rates	345,000	345,000	379,100
	1,910,000	2,061,476	1,928,600

Commercial Waste Debtors

An interest rate of 8.45% per annum will be charged on all rates, both current and arrears, that remain unpaid after the due date.

15. ELECTED MEMBERS REMUNERATION

The following fees, expenses and allowances relate to Elected Members.

	2015/16 Budget \$	2015/16 Actual (Est.) \$	2016/17 Budget \$
Councillor's Meeting Attendance Fees	379,500	386,451	393,033
Mayor's Allowance & Meeting Fees	133,500	130,000	132,003
Deputy Mayor's Allowance & Meeting Fees	54,750	54,750	55,571
ICT Allowance	56,000	52,549	52,500
Other Expense Recoups	90,000	70,000	98,798
Conference Expenses	46,000	46,000	33,310
	759,750	739,750	765,215

Actual payments for Elected Members fees, expenses and allowances are made in accordance with the relevant entitlements prescribed under the regulations applicable at that time.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

16. 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. Estimated cash at the end of the reporting period is as follows:

	Note	2015/16 Budget \$	2015/16 Actual (Est.) \$	2016/17 Budget \$
Cash - Unrestricted	8	(5,753,112)	16,654,810	15,983,481
Cash - Restricted	8	253,717,252	264,545,507	254,320,040
Total Cash		247,964,140	281,200,317	270,303,521
Non-Current Financial Instruments - Restricted (TPS)		-	-	-
Total Restricted Monies		253,717,252	264,545,507	254,320,040

The following restrictions over Cash have been imposed by regulation, either externally or internally:

	2015/16 Budget \$	2015/16 Actual (Est.) \$	2016/17 Budget \$
Alkimos/Eglinton District Community Facilities Reserve	7,284,470	10,395,200	11,738,856
Asset Renewal Reserve	-	7,000,000	11,210,000
Asset Replacement Reserve	7,781,162	4,378,227	7,019,914
Butler Collaborative Planning Agreement Reserve	2,851,464	2,868,983	2,955,053
Carry Forward Capital Projects Reserve	275,323	9,515,574	-
Coastal Infrastructure Management Reserve	-	6,019,955	7,200,554
Commercial Refuse Reserve	2,116,695	-	-
Domestic Refuse Reserve	2,663,272	7,348,734	6,477,196
Fleming Park Lake Reserve	211,931	213,233	219,630
Golf Courses Reserve	949,905	1,398,113	1,377,556
HACC Asset Replacement Reserve	557,080	550,912	597,439
Land Acquisition Reserve	2,619,626	2,070,743	2,632,865
Leave Liability Reserve	2,116,299	1,486,033	1,580,614
Loan Repayment Reserve	19,603,390	19,668,690	22,092,084
Material Recoveries Facility Upgrade Reserve**	-	-	-
Neerabup Development Reserve	2,008,341	4,620,594	3,310,462
Plant Replacement Reserve	5,033,526	5,282,490	4,538,261
Regional Open Space	-	5,000,000	5,150,000
Section 20A Land Reserve	193,259	1,540,770	1,586,993
Strategic Projects/Initiatives Reserve	67,034,469	62,352,417	51,408,601
Sustainability Investment Fund Reserve	95,824	91,164	93,899
TPS 20 - District Distributor Headworks Reserve	6,523,198	6,563,272	6,760,171
Yanchep Bus Reserve	181,295	93,799	101,613
Yanchep/Two Rocks District Community Facilities Reserve	(124,976)	1,102,932	(409,791)
Town Planning Schemes	101,180,694	93,834,179	97,073,590
Unspent Grants, Contributions and Loans	22,561,005	11,149,493	9,604,480
	253,717,252	264,545,507	254,320,040

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

16. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

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

	Note	2015/16 Budget \$	2015/16 Actual (Est.) \$	2016/17 Budget \$
Net Result		80,069,003	65,759,294	78,202,262
Depreciation	2(a)(i)	38,000,000	36,656,750	40,054,948
(Profit)/Loss on Sale of Asset	4	(7,766,666)	(3,716,666)	(3,306,662)
(Increase)/Decrease in Receivables		-	(88,434)	(94,581)
(Increase)/Decrease in Inventories		10,000	-	-
Increase/(Decrease) in Payables		(60,000)	-	-
Increase/(Decrease) in Employee Provisions		50,000	88,434	94,581
Town Planning Scheme Income	18(b)	(19,342,646)	(46,826,432)	(22,569,911)
Town Planning Scheme Expenses	18(b)	21,653,740	60,940,698	18,600,500
Grants/Contributions for the Development of Assets		(81,337,583)	(80,464,161)	(69,224,353)
Net Cash from Operating Activities		31,275,848	32,349,483	41,756,784

(c) Undrawn Borrowing Facilities and Credit Standby Arrangements

	2015/16 Budget \$	2015/16 Actual (Est.) \$	2016/17 Budget \$
Bank Overdraft Limit	1,000,000	1,000,000	1,000,000
Bank Overdraft at Balance Date	-	-	-
Bank Overdraft Available	1,000,000	1,000,000	1,000,000
Credit Card Limit	55,000	305,500	305,500
Credit Card Balance at Balance Date	-	20,000	150,000
Credit Card Available at Balance Date	55,000	285,500	155,500
Total Amount of Credit Unused	1,055,000	1,285,500	1,155,500
Loan Facilities			
Loan Facilities in use at Balance Date	60,778,188	60,778,188	71,878,188
Unused Loan Facilities at Balance Date	-	-	-

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

17. TRUST FUNDS

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

	Actual (Est.) 01-Jul-16	Amounts Received	Amounts Paid	Balance 30-Jun-17
	\$	\$	\$	\$
Miscellaneous/Appeals	54,931	20,000	20,000	54,931
Public Open Space	2,732,025	100,000	100,000	2,732,025
	<u>2,786,956</u>	<u>120,000</u>	<u>120,000</u>	<u>2,786,956</u>

18. MAJOR LAND TRANSACTIONS

The City of Wanneroo, along with the City of Perth, City of Joondalup, City of Stirling, Town of Vincent, Town of Cambridge and Town of Victoria Park is a member of the Tamala Park Regional Council (TPRC). The establishment of the Tamala Park Regional Council was pursuant to Section 3.61 of the Local Government Act. The Tamala Park Regional Council formally came into existence on the 3 February 2006. The Tamala Park Regional Council's activities will centre around the development of Mindarie lot 9504 on Deposit Plan 52070. Lot 9504 (subdivided from Lot 118) was initially purchased in 1981 to provide a refuse landfill site for member councils of the Mindarie Regional Council. This lot is now being developed with a purpose of creating a new urban land development and a new urban community. The City of Wanneroo will contribute one sixth of any funding required for capital or operating costs. It is likely that some income distributions will be received from the TPRC in 2016/17 which if received will be placed into the City's Loan Repayment Reserve.

Sites identified for potential sale during the 2016/17 financial year include 2 lots on Opportunity St Wangara and lot 502, 13 Innes Place Girrawheen.

Town Planning Schemes

(a) Details

The City's major land transactions relate to its role in Town Planning and Regional Development and has the following Town Planning Schemes and "Development Areas" in operation:-

- Town Planning Scheme 5 (Landsdale)
- Berkley Road Structure Plan Area
- Neerabup Structure Plan (Proposed Cell 10)
- East Wanneroo Development Area (Cells 1 - 9)

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

18. MAJOR LAND TRANSACTIONS (CONTINUED)

Town Planning Schemes (Continued)

(b) Current Year Transactions

	Balance 1-July-16 \$	Transfers To \$	Transfers From - Operating \$	Transfers From - Capital \$	Balance 30-Jun-17 \$
Operating Accounts					
Town Planning Scheme 5 (Landsdale)	674,548	21,286	-	-	695,834
Berkley Road Structure Plan Area	2,766,236	91,608	-	-	2,857,844
Neerabup Structure Plan (Proposed Cell 10)	(3,410,582)	-	-	-	(3,410,582)
	30,202	112,894	-	-	143,096
Scheme Accounts					
East Wanneroo Development Area (Cell 1)	27,363,484	1,988,941	1,344,100	-	28,008,325
East Wanneroo Development Area (Cell 2)	6,558,819	1,902,316	22,100	-	8,439,035
East Wanneroo Development Area (Cell 3)	1,447,738	46,185	22,100	-	1,471,823
East Wanneroo Development Area (Cell 4)	6,732,957	7,492,067	8,591,700	650,000	4,983,324
East Wanneroo Development Area (Cell 5)	6,958,988	1,920,098	1,822,100	-	7,056,986
East Wanneroo Development Area (Cell 6)	26,996,181	2,332,967	2,028,100	15,000	27,286,048
East Wanneroo Development Area (Cell 7)	3,465,684	678,300	2,031,100	15,000	2,097,884
East Wanneroo Development Area (Cell 8)	(1,651,365)	590,995	1,847,100	50,000	(2,957,470)
East Wanneroo Development Area (Cell 9)	15,931,491	5,505,148	892,100	-	20,544,539
	93,803,977	22,457,017	18,600,500	730,000	96,930,494
Total	93,834,179	22,569,911	18,600,500	730,000	97,073,590

Details of the budgeted operating transactions for each Scheme are listed below:

	2015/16 Budget \$	2015/16 Actual (Est.) \$	2016/17 Budget \$
Town Planning Scheme 5 (Landsdale)			
Income			
Interest on Investments	22,018	22,018	21,286
	22,018	22,018	21,286
Expenditure			
Legal Fees	5,000	5,000	-
	5,000	5,000	-
Net Result	17,018	17,018	21,286
Surplus/(Deficit) brought forward	654,845	657,530	674,548
Net Result	17,018	17,018	21,286
Surplus/(Deficit) carried forward	671,863	674,548	695,834
Berkley Road Structure Plan Area			
Income			
Interest on Investments	96,561	96,561	91,608
	96,561	96,561	91,608
Expenditure			
Administration Charges	23,000	23,000	-
Compensation Payments	10,000	216,764	-
	33,000	239,764	-
Net Result	63,561	(143,203)	91,608
Surplus/(Deficit) brought forward	2,878,596	2,909,439	2,766,236
Net Result	63,561	(143,203)	91,608
Surplus/(Deficit) carried forward	2,942,157	2,766,236	2,857,844

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

18. MAJOR LAND TRANSACTIONS (CONTINUED)

Town Planning Schemes (Continued)

(b) Current Year Transactions (Continued)

	2015/16 Budget \$	2015/16 Actual (Est.) \$	2016/17 Budget \$
<u>Neerabup Structure Plan (Proposed Cell 10)</u>			
Income			
Interest on Investments	38,361	38,361	-
	38,361	38,361	-
Expenditure			
Administration Charges	23,000	-	-
Construction Costs - Municipal Transfer	2,000,000	-	-
	2,023,000	-	-
Net Result	(1,984,639)	38,361	-
Surplus/(Deficit) brought forward	(247,202)	(3,448,943)	(3,410,582)
Net Result	(1,984,639)	38,361	-
Surplus/(Deficit) carried forward	(2,231,841)	(3,410,582)	(3,410,582)
<u>East Wanneroo Development Area (Cell 1)</u>			
Income			
Contributions	1,885,995	775,066	1,110,929
Interest on Investments	863,804	863,804	878,012
	2,749,799	1,638,870	1,988,941
Expenditure			
Administration Charges	23,000	23,000	25,000
Consulting Fees	2,000	2,000	2,000
Legal Fees	10,000	10,000	-
Advertising	-	74	100
Compensation Payments	1,325,740	1,325,740	1,317,000
	1,360,740	1,360,814	1,344,100
Net Result	1,389,059	278,056	644,841
Surplus/(Deficit) brought forward	27,358,455	27,085,428	27,363,484
Net Result	1,389,059	278,056	644,841
Surplus/(Deficit) carried forward	28,747,514	27,363,484	28,008,325
<u>East Wanneroo Development Area (Cell 2)</u>			
Income			
Contributions	487,240	487,240	1,705,337
Interest on Investments	185,619	185,619	196,979
	672,859	672,859	1,902,316
Expenditure			
Administration Charges	23,000	23,000	20,000
Consulting Fees	2,000	2,000	2,000
Advertising	-	74	100
Construction Costs - Municipal Transfer	-	38,825	-
	25,000	63,899	22,100
Net Result	647,859	608,960	1,880,216
Surplus/(Deficit) brought forward	6,280,504	5,949,859	6,558,819
Net Result	647,859	608,960	1,880,216
Surplus/(Deficit) carried forward	6,928,363	6,558,819	8,439,035

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

18. MAJOR LAND TRANSACTIONS (CONTINUED)

Town Planning Schemes (Continued)

(b) Current Year Transactions (Continued)

	2015/16 Budget \$	2015/16 Actual (Est.) \$	2016/17 Budget \$
East Wanneroo Development Area (Cell 3)			
Income			
Interest on Investments	47,750	47,750	46,185
	47,750	47,750	46,185
Expenditure			
Administration Charges	23,000	23,000	20,000
Consulting	10,000	2,000	2,000
Legal Fees	10,000	-	-
Advertising	-	74	100
Compensation Payments	200,000	-	-
	243,000	25,074	22,100
Net Result	(195,251)	22,676	24,085
Surplus/(Deficit) brought forward	1,409,937	1,425,062	1,447,738
Net Result	(195,251)	22,676	24,085
Surplus/(Deficit) carried forward	1,214,687	1,447,738	1,471,823
East Wanneroo Development Area (Cell 4)			
Income			
Contributions	2,332,755	4,665,510	6,998,265
Interest on Investments	562,084	562,084	493,802
	2,894,839	5,227,594	7,492,067
Expenditure			
Administration Charges	23,000	23,000	25,000
Legal Fees	70,000	70,000	-
Consulting Fees	2,000	2,000	2,000
Advertising	-	74	100
Compensation Payments	8,500,000	8,500,000	8,564,600
Construction Costs - Municipal Transfer	4,510,703	4,522,101	650,000
	13,105,703	13,117,175	9,241,700
Net Result	(10,210,864)	(7,889,581)	(1,749,633)
Surplus/(Deficit) brought forward	15,237,566	14,622,538	6,732,957
Net Result	(10,210,864)	(7,889,581)	(1,749,633)
Surplus/(Deficit) carried forward	5,026,702	6,732,957	4,983,324
East Wanneroo Development Area (Cell 5)			
Income			
Contributions	1,854,546	927,273	1,576,364
Interest on Investments	265,592	265,592	343,734
	2,120,138	1,192,865	1,920,098
Expenditure			
Administration Charges	23,000	23,000	20,000
Legal Fees	50,000	50,000	-
Consulting Fees	2,000	22,000	2,000
Bank Fees	-	-	-
Advertising	-	74	100
Compensation Payments	5,800,000	5,400,000	1,800,000
Construction Costs - Municipal Transfer	-	-	-
	5,875,000	5,495,074	1,822,100
Net Result	(3,754,862)	(4,302,209)	97,998
Surplus/(Deficit) brought forward	6,871,097	11,261,197	6,958,988
Net Result	(3,754,862)	(4,302,209)	97,998
Surplus/(Deficit) carried forward	3,116,235	6,958,988	7,056,986

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

18. MAJOR LAND TRANSACTIONS (CONTINUED)

Town Planning Schemes (Continued)

(b) Current Year Transactions (Continued)

	2015/16 Budget \$	2015/16 Actual (Est.) \$	2016/17 Budget \$
East Wanneroo Development Area (Cell 6)			
Income			
Contributions	4,865,510	2,434,255	1,480,720
Interest on Investments	751,936	751,936	852,247
	5,617,446	3,186,191	2,332,967
Expenditure			
Administration Charges	23,000	23,000	22,000
Consulting Fees	2,000	2,000	6,000
Legal Fees	2,000	2,000	-
Advertising	-	74	100
Compensation Payments	1,000,000	2,010,000	2,000,000
Construction Costs - Municipal Transfer	50,000	10,000	15,000
	1,077,000	2,047,074	2,043,100
Net Result	4,540,446	1,139,117	289,867
Surplus/(Deficit) brought forward	25,297,786	25,857,064	26,996,181
Net Result	4,540,446	1,139,117	289,867
Surplus/(Deficit) carried forward	29,838,232	26,996,181	27,286,048
East Wanneroo Development Area (Cell 7)			
Income			
Contributions	789,000	789,000	526,000
Interest on Investments	92,409	92,409	152,300
	881,409	881,409	678,300
Expenditure			
Administration Charges	23,000	23,000	25,000
Legal Fees	2,000	2,000	-
Consulting	-	-	6,000
Advertising	-	74	100
Compensation Payments	1,002,000	2,010,000	2,000,000
Construction Costs - Municipal Transfer	50,000	10,000	15,000
	1,077,000	2,045,074	2,046,100
Net Result	(195,591)	(1,163,665)	(1,367,800)
Surplus/(Deficit) brought forward	3,012,387	4,629,349	3,465,684
Net Result	(195,591)	(1,163,665)	(1,367,800)
Surplus/(Deficit) carried forward	2,816,796	3,465,684	2,097,884
East Wanneroo Development Area (Cell 8)			
Income			
Contributions	977,600	977,600	488,800
Interest on Investments	55,279	55,279	102,195
	1,032,879	1,032,879	590,995
Expenditure			
Administration Charges	23,000	23,000	25,000
Consulting Fees	2,000	25,000	2,000
Legal Fees	60,000	60,000	-
Advertising	-	74	100
Compensation Payments	1,820,000	1,820,000	1,820,000
Construction Costs - Municipal Transfer	3,890,703	3,890,703	50,000
	5,795,703	5,818,777	1,897,100
Net Result	(4,762,824)	(4,785,898)	(1,306,105)
Surplus/(Deficit) brought forward	2,336,792	3,134,533	(1,651,365)
Net Result	(872,121)	(4,785,898)	(1,306,105)
Surplus/(Deficit) carried forward	1,464,671	(1,651,365)	(2,957,470)

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

18. MAJOR LAND TRANSACTIONS (CONTINUED)

Town Planning Schemes (Continued)

(b) Current Year Transactions (Continued)

	2015/16 Budget \$	2015/16 Actual (Est.) \$	2016/17 Budget \$
<u>East Wanneroo Development Area (Cell 9)</u>			
Income			
Contributions	3,000,000	34,000,000	4,861,950
Interest on Investments	168,589	168,589	643,198
	<u>3,168,589</u>	<u>34,168,589</u>	<u>5,505,148</u>
Expenditure			
Administration Charges	23,000	23,000	25,000
Consulting Fees	2,000	872,000	2,000
Legal Fees	10,000	-	-
Advertising	-	-	100
Compensation Payments	1,500,000	36,080,000	865,000
Construction Costs - Municipal Transfer	620,000	620,000	-
	<u>2,155,000</u>	<u>37,595,000</u>	<u>892,100</u>
Net Result	<u>1,013,589</u>	<u>(3,426,411)</u>	<u>4,613,048</u>
Surplus/(Deficit) brought forward	19,011,728	19,357,902	15,931,491
Net Result	1,633,589	(3,426,411)	4,613,048
Surplus/(Deficit) carried forward	<u>20,645,317</u>	<u>15,931,491</u>	<u>20,544,539</u>

19. TRADING UNDERTAKINGS & MAJOR TRADING UNDERTAKINGS

It is not anticipated that any trading undertakings or major trading undertakings will occur in 2016/17.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2017

20. FINANCIAL RATIOS

	2015/16 Actual (Est.) Ratio to 1	2016/17 Budget Ratio to 1
Current Ratio		
$\frac{\text{current assets minus restricted current assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$	0.96	0.96
Benchmark:		
*Standard is not met if this ratio is lower than 1		
Debt Service Cover Ratio		
$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$	8.86	10.05
Benchmark:		
*Service is not met if this ratio is lower than 2		
*Basic standard is met if this ratio is greater than or equal to 2		
*Advanced ratio is met if this ratio is higher than 5		
Operating Surplus Ratio		
$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$	-0.03	0.01
Benchmark:		
*Standard is not met if the operating surplus ratio is 0		
*Basic standard is met if the operating surplus ratio is between 0 and 0.15		
*Advanced Standard is met if the operating surplus ratio is greater than 0.15		
Own Source Revenue Coverage Ratio		
$\frac{\text{own source operating revenue}}{\text{operating expense}}$	0.95	0.96
Benchmark:		
*Standard is not met if the ratio is less than 0.40		
*Basic standard is met if the ratio is between 0.40 and 0.60		
*Intermediate standard is met if the ration is between 0.60 and 0.90		
*Advanced standard is met if the ratio is greater than 0.90		